

TOWN OF BELLINGHAM, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Select Board
Town of Bellingham, Massachusetts

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2022, and the respective changes in financial position and where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Norfolk County Retirement System schedules - Town's proportionate share of the net pension liability, and Town's contribution, Massachusetts Teachers Retirement System's schedule of the Commonwealth's Collective amounts of the Net Pension Liability, Other Postemployment Benefit schedules - Town's Net OPEB Liability and Related Ratios, Town's contribution, and investment return, and notes to required supplementary information on pages 4 – 11, 75 – 76, 77, 78 – 80 and 81 - 82 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bellingham, Massachusetts's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Bellingham, Massachusetts's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Robert E. Brown".

Certified Public Accountant

May 23, 2023

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, 2022. 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 and postemployment benefits trust fund are each reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds" and "postemployment benefits trust fund" 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 presented below summarizes key financial components of the Town's Statement of Net Position.

Net position of \$74.76 million reflect the Town's investment in capital assets (e.g. land, buildings, machinery and equipment, vehicles, software, 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 increased from \$2.87 to \$40.04 million from the prior fiscal year, an increase of \$37.16 million. Of this change in net position, an increase of \$36.02 million was attributable to governmental activities and an increase of \$1.14 million 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 decreased its total liabilities by \$37.92 million over the previous fiscal year. This decrease is primarily attributable to the changes in pension and postemployment benefits liabilities. The Town's total assets increased by \$9.78 million over the previous year.

An additional portion of the Town's net position totaling \$24.95 million represents resources that are subject to external restrictions on how they may be used. The restricted net position relates to governmental activities.

Town of Bellingham - Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Assets:						
Current assets	\$ 41,713,497	\$ 38,217,333	\$ 3,993,663	\$ 4,044,559	\$ 45,707,160	\$ 42,261,892
Noncurrent assets (excluding capital)	801,429	716,706	2,247,956	-	3,049,385	716,706
Capital assets	84,408,418	80,775,321	31,621,610	31,257,203	116,030,028	112,032,524
Total assets	126,923,344	119,709,360	37,863,229	35,301,762	164,786,573	155,011,122
Deferred Outflows of Resources:	10,305,846	13,706,074	309,790	427,579	10,615,636	14,133,653
Liabilities:						
Current liabilities (excluding debt)	5,368,919	9,311,935	370,167	704,859	5,739,086	10,016,794
Noncurrent liabilities (excluding debt)	71,655,945	105,324,671	2,080,574	3,115,961	73,736,519	108,440,632
Current debt	3,077,485	3,828,696	959,908	834,059	4,037,393	4,662,755
Noncurrent debt	22,983,606	21,181,669	12,027,722	12,146,455	35,011,328	33,328,124
Total liabilities	103,085,955	139,646,971	15,438,371	16,801,334	118,524,326	156,448,305
Deferred Inflows of Resources:	13,818,557	9,464,756	3,020,548	357,352	16,839,105	9,822,108
Net Position:						
Net investment in capital assets	55,523,416	59,123,035	19,241,320	18,292,418	74,764,736	77,415,453
Restricted	24,946,075	13,538,400	-	-	24,946,075	13,538,400
Unrestricted	(60,144,813)	(88,357,728)	472,780	278,237	(59,672,033)	(88,079,491)
Total net position	\$ 20,324,678	\$ (15,696,293)	\$ 19,714,100	\$ 18,570,655	\$ 40,038,778	\$ 2,874,362

The remaining balance of unrestricted net position totals a negative balance of (\$59.67 million).

At the end of the current fiscal year, the Town is able to report positive total net position of \$40.04 million for the government as a whole; its governmental activities had total net position of 20.33 million, while the business-type activities had a total net position \$19.71 million.

The governmental activities net position increased by \$36,020,971 as a result of current operations, i.e. current year's revenue exceeded current year's expenses. The Town's governmental activities revenues increased by \$4,412,023 or 4.90%. The primary contributors to the increase in revenues were charges of services by \$2.31 million, real estate and personal property taxes by \$2.12 million, and capital grants and contributions by \$1.06 million; while operating grants and contributions decreased by \$1.26 million. The Town's governmental activities expenses decreased by -\$32,334,247 over the prior fiscal year, or -35.93%. The largest contributor to the expense decrease was employee benefits by -\$34.98 million, while public works decreased by -\$2.28 million. Expense increases included education by \$2.57 million and general government by \$2.30 million as compared with the prior year.

The business-type activities net position increased by \$1,143,445 as a result of current operations.

The water and sanitation business-type activities revenues decreased by -\$288,089 in FY 2022 primarily due to charges for services revenues. The sanitation business-type activities expenses decreased by -\$138,398 in FY 2022 as a result of operations, while the water business-type activities expenses decreased -\$522,344.

Presented below are the components that contributed to the change in net position, along with comparative data for the previous fiscal year:

Town of Bellingham - Condensed Statement of Activities						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 12,610,087	\$ 10,301,023	\$ 5,122,702	\$ 5,502,028	\$ 17,732,789	\$ 15,803,051
Operating grants and contributions	24,389,933	25,647,024	213,447	232,779	24,603,380	25,879,803
Capital grants and contributions	1,598,443	541,103	110,569	-	1,709,012	541,103
<i>General Revenues:</i>						
Real Estate and personal property taxes	48,974,293	46,850,097	-	-	48,974,293	46,850,097
Motor vehicle excise taxes	3,044,068	3,036,424	-	-	3,044,068	3,036,424
Nonrestricted grants and contributions	3,209,995	2,999,677	-	-	3,209,995	2,999,677
Unrestricted investment income	(40,562)	136,994	-	-	(40,562)	136,994
Other revenues	593,852	455,744	-	-	593,852	455,744
Total Revenues	94,380,109	89,968,086	5,446,718	5,734,807	99,826,827	95,702,893
Expenses:						
General Government	6,869,882	4,571,916	-	-	6,869,882	4,571,916
Public Safety	8,751,019	8,800,338	-	-	8,751,019	8,800,338
Education	39,083,732	36,514,489	-	-	39,083,732	36,514,489
Public Works	1,295,953	3,580,018	-	-	1,295,953	3,580,018
Sewer	1,418,751	1,489,470	-	-	1,418,751	1,489,470
Human Services	931,532	1,094,385	-	-	931,532	1,094,385
Culture and Recreation	973,752	891,387	-	-	973,752	891,387
Employee Benefits	(6,119,830)	28,855,719	-	-	(6,119,830)	28,855,719
State and County Assessments	3,880,288	3,494,297	-	-	3,880,288	3,494,297
Interest	583,140	710,447	-	-	583,140	710,447
Water	-	-	3,373,504	3,895,848	3,373,504	3,895,848
Sanitation	-	-	1,620,688	1,759,086	1,620,688	1,759,086
Total Expenses	57,668,219	90,002,466	4,994,192	5,654,934	62,662,411	95,657,400
Transfers	(690,919)	(558,755)	690,919	558,755	-	-
Change in Net Position	36,020,971	(593,135)	1,143,445	638,628	37,164,416	45,493
Net Position - beginning	(15,696,293)	(15,103,158)	18,570,655	17,932,027	2,874,362	2,828,869
Net Position - ending	\$ 20,324,678	\$ (15,696,293)	\$ 19,714,100	\$ 18,570,655	\$ 40,038,778	\$ 2,874,362

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 \$30.39 million, an increase of \$7.54 million in comparison with the prior year. Approximately \$9.43 million of this amount constitutes *unassigned fund balance*.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10.06 million, while the total fund balance was \$15.68 million. Unassigned fund balance represents 14.21% of total general fund expenditures.

General fund revenues for FY2022 were \$74.62 million with property taxes \$49.28 million and intergovernmental \$17.12 million the major components of the Town's revenue sources. General Fund expenditures were \$70.79 million for FY2022 with education \$32.18 million, employee benefits \$15.93 million and public safety \$7.95 million the major components of spending. The fund balance of the general fund increased by \$3,211,148.

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 \$2.21 million which represents 3.12% of general fund expenditures. The capital stabilization fund has an ending fund balance of \$0.61 million or 0.86% of general fund expenditures. The Town also maintains a tax rate stabilization fund, with an ending fund balance of approximately \$2.12 million or 2.99% of general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval.

General Fund Budget Highlights

There were modest overall changes between the original and final expenditures budget of the Town in many functional areas. The Town budgeted \$65.81 million in revenues and \$68.69 million of expenditures. There were increases of \$1,393,474 between the original and final expenditure budgets of the Town, which was primarily attributable to an increase in public safety and education expenses.

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 investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, software, other, infrastructure, and construction in progress.

The Town's investment in capital assets for governmental and business-type activities as of June 30, 2022, amounts to \$116.03 million, net of accumulated depreciation, which represents an increase of \$4.0 million over the previous fiscal year. The most significant contributors to this increase included land acquisition, building improvements, construction in progress, and infrastructure improvements.

	Governmental Activities	Business-type Activities	Total
Land	\$ 14,164,715	\$ 3,573,100	\$ 17,737,815
Buildings	37,226,715	-	37,226,715
Improvements (Other than buildings)	929,123	-	929,123
Machinery and Equipment	1,150,929	94,117	1,245,046
Vehicles	3,325,577	260,188	3,585,765
Software	7,197	4,000	11,197
Other	5,000	-	5,000
Infrastructure	24,430,491	24,877,029	49,307,520
Construction in Progress	3,168,671	2,813,176	5,981,847
Total	<u>\$ 84,408,418</u>	<u>\$ 31,621,610</u>	<u>\$ 116,030,028</u>

Long term debt – Governmental activities outstanding long-term debt as of June 30, 2022, totaled \$23.71 million of which \$6.5 million (27.4%) is for road improvements projects and \$5.0 million (21.1%) is for construction of the new police station. The governmental activities (outstanding business-type activities debt of \$12.93 million is not included) long-term debt consists of the following:

Educational (non-reimbursable)	\$ 75,000	0.32%
Sewer	220,204	0.93%
Public Works	1,775,000	7.49%
New Police Station	4,995,000	21.07%
New Fire Pumper Truck	325,000	1.37%
High School Athletic Field	715,000	3.02%
Ch 90 Supplemental	265,000	1.12%
Pearl St Bldg Demo	430,000	1.81%
Fire/Ladder Truck	640,000	2.70%
Roadway Improv	650,000	2.74%
DPW Bldg Repair	540,000	2.28%
Pine Grove Sewer	75,000	0.32%
DPW Salt Shed	340,000	1.43%
South Elem Roof	395,000	1.67%
Pearl St Mill Dam	490,000	2.07%
Land Acquisition	437,000	1.84%
MWPAT Sewer	1,273,847	5.37%
General Government	180,000	0.76%
Fire Pumper	90,000	0.38%
Town CTR Rd Design Const	935,000	3.94%
Town CTR Perm Easement	450,000	1.90%
Road Improvements II	2,590,000	10.92%
Road Improvements	1,845,000	7.78%
Road Improvements	1,418,400	5.98%
Land Purchase	<u>2,558,700</u>	<u>10.79%</u>
Total	<u>\$ 23,708,151</u>	<u>100.00%</u>

The Town's credit ratings were upheld in 2021. Moody's Investors Service assigned a rating of Aa3, and Standard & Poor's confirmed its previous 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 2023 budget and tax rates including the following:

- There are indications the local economy is improving steadily over the previous fiscal year as evidenced by an increase in new residential and commercial property development.
- The fiscal 2023 residential tax rate was set at \$13.05 and the commercial/industrial tax rate was set at \$18.57. Residential property values increased by 12.72% over FY 2022 and commercial/industrial/personal property values increased an average of 13.78%. The excess levy capacity for fiscal 2023 was \$306,677.
- The Select Board 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 ranked 217th (FY 2022) 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 351 being the lowest reported bill in the state.
- Fiscal 2024 and beyond may prove stable, if not better than, the most recent past fiscal years as the current economic condition of the local, state and federal governments continue to show signs of improvement.

Requests 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, 2022

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 31,039,031	\$ 2,994,723	\$ 34,033,754
INVESTMENTS	6,553,904	-	6,553,904
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	676,013	-	676,013
TAX LIENS	790,369	-	790,369
MOTOR VEHICLE EXCISE TAXES	490,492	-	490,492
USER FEES	1,138,474	822,560	1,961,034
DEPARTMENTAL AND OTHER	578,011	-	578,011
LEASES	10,051	176,380	186,431
INTERGOVERNMENTAL	340,824	-	340,824
SPECIAL ASSESSMENTS	96,328	-	96,328
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
LEASES	-	2,247,956	2,247,956
SPECIAL ASSESSMENTS	801,429	-	801,429
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	84,408,418	31,621,610	116,030,028
TOTAL ASSETS	126,923,344	37,863,229	164,786,573
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
RELATED TO LEASES	219,900	-	219,900
RELATED TO POSTEMPLOYMENT BENEFITS	7,783,615	177,853	7,961,468
RELATED TO PENSIONS	2,302,331	131,937	2,434,268
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,305,846	309,790	10,615,636
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	3,998,256	248,999	4,247,255
HEALTH CLAIMS PAYABLE	792,974	-	792,974
OTHER LIABILITIES	11,285	-	11,285
ACCRUED INTEREST	165,675	121,168	286,843
LEASES PAYABLE	170,412	-	170,412
BONDS AND NOTES PAYABLE	2,907,073	959,908	3,866,981
LANDFILL POSTCLOSURE CARE COSTS	19,000	-	19,000
COMPENSATED ABSENCES	381,729	-	381,729
NONCURRENT:			
LEASES PAYABLE	96,639	-	96,639
BONDS AND NOTES PAYABLE	22,886,967	12,027,722	34,914,689
POSTEMPLOYMENT BENEFITS	57,439,432	1,312,474	58,751,906
NET PENSION LIABILITY	13,403,488	768,100	14,171,588
LANDFILL POSTCLOSURE CARE COSTS	38,000	-	38,000
COMPENSATED ABSENCES	775,025	-	775,025
TOTAL LIABILITIES	103,085,955	15,438,371	118,524,326
<u>DEFERRED INFLOWS OF RESOURCES</u>			
RELATED TO LEASES	10,051	2,424,336	2,434,387
RELATED TO POSTEMPLOYMENT BENEFITS	5,662,201	129,380	5,791,581
RELATED TO PENSIONS	8,146,305	466,832	8,613,137
TOTAL DEFERRED INFLOWS OF RESOURCES	13,818,557	3,020,548	16,839,105
<u>NET POSITION</u>			
NET INVESTMENT IN CAPITAL ASSETS	55,523,416	19,241,320	74,764,736
RESTRICTED FOR:			
PERMANENT FUNDS:			
EXPENDABLE	49,083	-	49,083
OTHER PURPOSES	24,896,992	-	24,896,992
UNRESTRICTED	(60,144,813)	472,780	(59,672,033)
TOTAL NET POSITION	\$ 20,324,678	\$ 19,714,100	\$ 40,038,778

See accompanying notes to the basic financial statements

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

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 6,869,882	\$ 879,472	\$ 2,555,257	\$ -	\$ (3,435,153)
PUBLIC SAFETY	8,751,019	3,822,618	161,465	-	(4,766,936)
EDUCATION	39,083,732	1,350,480	14,976,108	-	(22,757,144)
PUBLIC WORKS	1,295,953	1,326,400	347,928	1,597,678	1,976,053
SEWER	1,418,751	1,534,648	206	-	116,103
HUMAN SERVICES	931,532	560,939	288,523	765	(81,305)
CULTURE & RECREATION	973,752	57,364	105,172	-	(811,216)
EMPLOYEE BENEFITS	(6,119,830)	3,078,166	5,955,274	-	15,153,270
STATE & COUNTY ASSESSMENTS	3,880,288	-	-	-	(3,880,288)
INTEREST	583,140	-	-	-	(583,140)
TOTAL GOVERNMENTAL ACTIVITIES	57,668,219	12,610,087	24,389,933	1,598,443	(19,069,756)
BUSINESS-TYPE ACTIVITIES:					
WATER	3,373,504	3,334,589	212,847	110,569	284,501
SANITATION	1,620,688	1,788,113	600	-	168,025
TOTAL BUSINESS-TYPE ACTIVITIES	4,994,192	5,122,702	213,447	110,569	452,526
TOTAL PRIMARY GOVERNMENT	\$ 62,662,411	\$ 17,732,789	\$ 24,603,380	\$ 1,709,012	\$ (18,617,230)

See accompanying notes to the basic financial statements

(continued)

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

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET ASSETS:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	<u>\$ (19,069,756)</u>	<u>\$ 452,526</u>	<u>\$ (18,617,230)</u>
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES,			
NET OF TAX REFUNDS PAYABLE	48,708,501	-	48,708,501
TAX LIENS	265,792	-	265,792
MOTOR VEHICLE EXCISE TAXES	3,044,068	-	3,044,068
PENALTIES AND INTEREST ON TAXES	341,685	-	341,685
GRANTS AND CONTRIBUTIONS NOT RESTRICTED			
TO SPECIFIC PROGRAMS	3,209,995	-	3,209,995
UNRESTRICTED INVESTMENT INCOME	(40,562)	-	(40,562)
MISCELLANEOUS	252,167	-	252,167
TRANSFERS, NET	<u>(690,919)</u>	<u>690,919</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS	<u>55,090,727</u>	<u>690,919</u>	<u>55,781,646</u>
CHANGE IN NET POSITION	36,020,971	1,143,445	37,164,416
NET POSITION:			
BEGINNING OF YEAR	<u>(15,696,293)</u>	<u>18,570,655</u>	<u>2,874,362</u>
END OF YEAR	<u>\$ 20,324,678</u>	<u>\$ 19,714,100</u>	<u>\$ 40,038,778</u>

See accompanying notes to the basic financial statements

(concluded)

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

<u>ASSETS</u>	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
CASH AND SHORT-TERM INVESTMENTS	\$ 13,904,249	\$ 13,884,599	\$ 27,788,848
INVESTMENTS	4,814,059	1,739,845	6,553,904
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	676,013	-	676,013
TAX LIENS	790,369	-	790,369
MOTOR VEHICLE EXCISE TAXES	490,492	-	490,492
USER FEES	757,278	381,196	1,138,474
DEPARTMENTAL AND OTHER	137,507	84,443	221,950
INTERGOVERNMENTAL	-	340,824	340,824
SPECIAL ASSESSMENTS	10,468	887,289	897,757
TOTAL ASSETS	\$ 21,580,435	\$ 17,318,196	\$ 38,898,631
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 3,280,407	\$ 708,162	\$ 3,988,569
OTHER LIABILITIES	9,000	2,285	11,285
NOTES PAYABLE	-	450,000	450,000
TOTAL LIABILITIES	3,289,407	1,160,447	4,449,854
DEFERRED INFLOWS OF RESOURCES:			
UNAVAILABLE REVENUE	2,609,875	1,444,103	4,053,978
FUND BALANCES:			
RESTRICTED	2,608,207	15,340,551	17,948,758
COMMITTED	1,481,745	-	1,481,745
ASSIGNED	1,534,432	-	1,534,432
UNASSIGNED	10,056,769	(626,905)	9,429,864
TOTAL FUND BALANCES	15,681,153	14,713,646	30,394,799
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 21,580,435	\$ 17,318,196	\$ 38,898,631

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, 2022**

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES:</u>			
REAL ESTATE AND PERSONAL PROPERTY TAXES,			
NET OF TAX REFUNDS	\$ 49,277,165	\$ -	\$ 49,277,165
MOTOR VEHICLE EXCISE TAXES	3,293,528	-	3,293,528
PENALTIES AND INTEREST ON TAXES	341,685	-	341,685
INTERGOVERNMENTAL	17,124,787	9,319,095	26,443,882
CHARGES FOR SERVICES	-	4,348,557	4,348,557
CHARGES FOR SERVICES - SEWER	-	1,589,933	1,589,933
INVESTMENT INCOME	(40,777)	2,490	(38,287)
CONTRIBUTIONS & DONATIONS	-	489,299	489,299
DEPARTMENTAL	4,621,969	356,691	4,978,660
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	74,618,357	16,106,065	90,724,422
<u>EXPENDITURES:</u>			
CURRENT:			
GENERAL GOVERNMENT	3,278,395	3,449,273	6,727,668
PUBLIC SAFETY	7,953,019	806,257	8,759,276
EDUCATION	32,178,571	6,192,026	38,370,597
PUBLIC WORKS	2,645,595	3,230,047	5,875,642
SEWER	-	1,482,253	1,482,253
HUMAN SERVICES	405,882	484,469	890,351
CULTURE & RECREATION	747,948	190,566	938,514
EMPLOYEE BENEFITS	15,925,951	-	15,925,951
STATE & COUNTY ASSESSMENTS	3,880,288	-	3,880,288
DEBT SERVICE:			
PRINCIPAL	2,982,689	31,236	3,013,925
INTEREST	787,625	44,379	832,004
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	70,785,963	15,910,506	86,696,469
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,832,394	195,559	4,027,953
<u>OTHER FINANCING SOURCES (USES)</u>			
PROCEEDS FROM BONDS AND NOTES	-	3,977,100	3,977,100
PROCEEDS FROM BOND PREMIUM	-	224,622	224,622
OPERATING TRANSFERS IN	101,324	31,651	132,975
OPERATING TRANSFERS OUT	(722,570)	(101,324)	(823,894)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(621,246)	4,132,049	3,510,803
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	3,211,148	4,327,608	7,538,756
FUND BALANCES AT BEGINNING OF YEAR	12,470,005	10,386,038	22,856,043
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FUND BALANCES AT END OF YEAR	\$ 15,681,153	\$ 14,713,646	\$ 30,394,799
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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, 2022**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 30,394,799
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		84,408,418
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		4,053,978
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		2,803,583
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(165,675)
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	(23,708,151)	
OTHER POSTEMPLOYMENT BENEFITS LIABILITY	(57,439,432)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	7,783,615	
DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	(5,662,201)	
NET PENSION LIABILITY	(13,403,488)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	2,302,331	
DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(8,146,305)	
CAPITAL LEASE	(47,151)	
UNAMORTIZED BOND PREMIUM	(1,635,889)	
COMPENSATED ABSENCES	(1,156,754)	
LANDFILL POSTCLOSURE CARE COSTS	(57,000)	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(101,170,425)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 20,324,678</u></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, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 7,538,756

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	6,589,647	
DEPRECIATION EXPENSE	<u>(2,956,550)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		3,633,097

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 (1,009,872)

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.

PROCEEDS FROM BONDS AND NOTES	(3,977,100)	
DEBT SERVICE PRINCIPAL PAYMENTS	3,013,925	
UNAMORTIZED BOND PREMIUM	<u>36,766</u>	
NET EFFECT OF REPORTING LONG-TERM DEBT		(926,409)

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 CAPITAL LEASE	95,583	
NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	38,890	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	(9,000)	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	(12,524)	
NET CHANGE IN OTHER POSTEMPLOYMENT BENEFITS LIABILITY	25,565,959	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	(2,559,835)	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	(314,033)	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	(1,060,293)	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(4,029,717)	
NET CHANGE IN NET PENSION LIABILITY	<u>8,078,710</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		25,793,740

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>991,659</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 36,020,971**

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, 2022**

	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	\$ -	\$ 48,107,095	\$ 48,107,095	\$ 48,107,095	\$ 49,277,165	\$ -	\$ 1,170,070
MOTOR VEHICLE EXCISE TAXES	-	2,400,000	2,400,000	2,400,000	3,293,528	-	893,528
PENALTIES & INTEREST ON TAXES	-	212,823	212,823	212,823	341,685	-	128,862
INTERGOVERNMENTAL	-	12,223,454	12,223,454	12,223,454	12,981,141	-	757,687
INVESTMENT INCOME	-	25,000	25,000	25,000	24,723	-	(277)
DEPARTMENTAL	-	2,845,672	2,845,672	2,845,672	4,621,969	-	1,776,297
TOTAL REVENUES	-	65,814,044	65,814,044	65,814,044	70,540,211	-	4,726,167
EXPENDITURES:							
CURRENT:							
GENERAL GOVERNMENT	75,985	3,750,035	3,826,020	3,744,637	3,278,395	130,572	335,670
PUBLIC SAFETY	529,234	7,853,935	8,383,169	8,942,905	7,953,019	793,415	196,471
EDUCATION	488,210	32,205,001	32,693,211	33,066,211	32,178,571	678,755	208,885
PUBLIC WORKS	690,052	2,206,516	2,896,568	3,461,759	2,645,595	671,283	144,881
HUMAN SERVICES	24,245	515,823	540,068	494,593	405,882	38,400	50,311
CULTURE & RECREATION	31,193	791,280	822,473	824,878	747,948	70,527	6,403
EMPLOYEE BENEFITS	-	11,768,148	11,768,148	11,788,148	11,783,070	-	5,078
STATE & COUNTY ASSESSMENTS	-	3,847,768	3,847,768	3,847,768	3,880,288	-	(32,520)
DEBT SERVICE:							
PRINCIPAL	-	3,179,725	3,179,725	3,108,144	2,982,689	-	125,455
INTEREST	-	728,971	728,971	800,552	786,860	-	13,692
TOTAL EXPENDITURES	1,838,919	66,847,202	68,686,121	70,079,595	66,642,317	2,382,952	1,054,326
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,838,919)	(1,033,158)	(2,872,077)	(4,265,551)	3,897,894	(2,382,952)	5,780,493
OTHER FINANCING SOURCES (USES):							
OPERATING TRANSFERS IN	-	101,275	101,275	101,275	101,324	-	49
OPERATING TRANSFERS OUT	-	(691,334)	(691,334)	(691,334)	(722,570)	-	(31,236)
TOTAL OTHER FINANCING SOURCES (USES)	-	(590,059)	(590,059)	(590,059)	(621,246)	-	(31,187)
NET CHANGE IN FUND BALANCE	(1,838,919)	(1,623,217)	(3,462,136)	(4,855,610)	3,276,648	(2,382,952)	5,749,306
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	7,778,073	7,778,073	7,778,073	7,778,073	7,778,073	-	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 5,939,154	\$ 6,154,856	\$ 4,315,937	\$ 2,922,463	\$ 11,054,721	\$ (2,382,952)	\$ 5,749,306

See accompanying notes to the basic financial statements

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

	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	\$ 2,326,536	\$ 668,187	\$ 2,994,723	\$ 3,250,183
USER FEES	487,500	335,060	822,560	-
DEPARTMENTAL	-	-	-	356,061
LEASES	176,380	-	176,380	-
TOTAL CURRENT ASSETS	2,990,416	1,003,247	3,993,663	3,606,244
NONCURRENT:				
LEASES	2,247,956	-	2,247,956	-
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	31,615,510	6,100	31,621,610	-
TOTAL NONCURRENT ASSETS	33,863,466	6,100	33,869,566	-
TOTAL ASSETS	36,853,882	1,009,347	37,863,229	3,606,244
DEFERRED OUTFLOWS OF RESOURCES				
RELATED TO OPEB	159,057	18,796	177,853	-
RELATED TO PENSIONS	125,121	6,816	131,937	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	284,178	25,612	309,790	-
<u>LIABILITIES</u>				
CURRENT:				
ACCOUNTS PAYABLE	102,896	146,103	248,999	9,687
HEALTH CLAIMS PAYABLE	-	-	-	792,974
ACCRUED INTEREST	121,168	-	121,168	-
BONDS AND NOTES PAYABLE	959,908	-	959,908	-
TOTAL CURRENT LIABILITIES	1,183,972	146,103	1,330,075	802,661
NONCURRENT:				
BONDS AND NOTES PAYABLE	12,027,722	-	12,027,722	-
NET PENSION LIABILITY	728,420	39,680	768,100	-
OTHER POSTEMPLOYMENT BENEFITS	1,173,768	138,706	1,312,474	-
TOTAL NONCURRENT LIABILITIES	13,929,910	178,386	14,108,296	-
TOTAL LIABILITIES	15,113,882	324,489	15,438,371	802,661
<u>DEFERRED INFLOWS OF RESOURCES</u>				
RELATED TO LEASES	2,424,336	-	2,424,336	-
RELATED TO POST EMPLOYMENT BENEFITS	115,707	13,673	129,380	-
RELATED TO PENSIONS	442,715	24,117	466,832	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,982,758	37,790	3,020,548	-
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	19,241,320	-	19,241,320	-
UNRESTRICTED	(199,900)	672,680	472,780	2,803,583
TOTAL NET POSITION	\$ 19,041,420	\$ 672,680	\$ 19,714,100	\$ 2,803,583

See accompanying notes to the basic financial statements

**TOWN OF BELLINGHAM, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2022**

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER	SANITATION	TOTAL	
<u>OPERATING REVENUES:</u>				
CHARGES FOR SERVICES	\$ 3,334,589	\$ 1,788,113	\$ 5,122,702	\$ -
EMPLOYER CONTRIBUTIONS	-	-	-	7,675,000
EMPLOYEE CONTRIBUTIONS	-	-	-	3,078,166
DEPARTMENTAL & OTHER INCOME	210,615	-	210,615	1,580,485
TOTAL OPERATING REVENUES	<u>3,545,204</u>	<u>1,788,113</u>	<u>5,333,317</u>	<u>12,333,651</u>
<u>OPERATING EXPENSES:</u>				
GENERAL SERVICES	2,310,231	1,620,688	3,930,919	-
DEPRECIATION	761,809	-	761,809	-
EMPLOYEE BENEFITS	-	-	-	11,348,900
TOTAL OPERATING EXPENSES	<u>3,072,040</u>	<u>1,620,688</u>	<u>4,692,728</u>	<u>11,348,900</u>
OPERATING INCOME (LOSS)	<u>473,164</u>	<u>167,425</u>	<u>640,589</u>	<u>984,751</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
INTERGOVERNMENTAL	110,569	-	110,569	-
INVESTMENT INCOME	2,232	600	2,832	6,908
INTEREST EXPENSE	(301,464)	-	(301,464)	-
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	<u>(188,663)</u>	<u>600</u>	<u>(188,063)</u>	<u>6,908</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>284,501</u>	<u>168,025</u>	<u>452,526</u>	<u>991,659</u>
<u>OPERATING TRANSFERS:</u>				
OPERATING TRANSFERS IN	<u>690,919</u>	<u>-</u>	<u>690,919</u>	<u>-</u>
CHANGE IN NET POSITION	975,420	168,025	1,143,445	991,659
NET POSITION AT BEGINNING OF YEAR	<u>18,066,000</u>	<u>504,655</u>	<u>18,570,655</u>	<u>1,811,924</u>
NET POSITION AT END OF YEAR	<u>\$ 19,041,420</u>	<u>\$ 672,680</u>	<u>\$ 19,714,100</u>	<u>\$ 2,803,583</u>

See accompanying notes to the basic financial statements

TOWN OF BELLINGHAM, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2022

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER	SANITATION	TOTAL	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
EMPLOYER CONTRIBUTIONS	\$ -	\$ -	\$ -	\$ 7,675,000
EMPLOYEE CONTRIBUTIONS	-	-	-	3,078,166
RECEIPTS FROM CUSTOMERS AND USERS	3,693,538	1,807,590	5,501,128	1,283,776
PAYMENTS TO SUPPLIERS	(2,176,433)	(1,597,263)	(3,773,696)	(11,965,804)
PAYMENTS TO EMPLOYEES	(1,095,698)	(75,560)	(1,171,258)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	421,407	134,767	556,174	71,138
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
OPERATING TRANSFERS IN	690,919	-	690,919	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
PROCEEDS FROM THE ISSUANCE OF BONDS AND NOTES	841,175	-	841,175	-
PROCEEDS FROM INTERGOVERNMENTAL GRANT	110,569	-	110,569	-
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(834,059)	-	(834,059)	-
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,120,116)	(6,100)	(1,126,216)	-
INTEREST EXPENSE	(300,860)	-	(300,860)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	(1,303,291)	(6,100)	(1,309,391)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
INTEREST RECEIVED	2,232	600	2,832	6,908
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(188,733)	129,267	(59,466)	78,046
CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR	2,515,269	538,920	3,054,189	3,172,137
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	\$ 2,326,536	\$ 668,187	\$ 2,994,723	\$ 3,250,183
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>				
OPERATING INCOME (LOSS)	\$ 473,164	\$ 167,425	\$ 640,589	\$ 984,751
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	761,809	-	761,809	-
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	148,333	19,478	167,811	(296,709)
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	108,101	9,688	117,789	-
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(349,579)	14,282	(335,297)	-
INCREASE (DECREASE) IN HEALTH CLAIMS PAYABLE	-	-	-	(616,904)
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS	(507,742)	(64,687)	(572,429)	-
INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES	226,362	12,498	238,860	-
INCREASE (DECREASE) IN NET PENSION LIABILITY	(439,041)	(23,917)	(462,958)	-
TOTAL ADJUSTMENTS	(51,757)	(32,658)	(84,415)	(913,613)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 421,407	\$ 134,767	\$ 556,174	\$ 71,138

See accompanying notes to the basic financial statements

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

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS
<u>ASSETS</u>		
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 55
INVESTMENTS	686,811	453,329
	<hr/>	<hr/>
TOTAL ASSETS	686,811	453,384
	<hr/>	<hr/>
<u>LIABILITIES</u>	-	-
	<hr/>	<hr/>
<u>NET POSITION</u>		
HELD IN TRUST FOR PLAN PARTICIPANTS	686,811	-
HELD IN TRUST FOR OTHER PURPOSES	-	453,384
	<hr/>	<hr/>
TOTAL	\$ 686,811	\$ 453,384
	<hr/> <hr/>	<hr/> <hr/>

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, 2022**

	POSTEMPLOYMENT BENEFITS TRUSTS	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>		
CONTRIBUTIONS:		
EMPLOYER CONTRIBUTIONS	\$ 50,000	\$ -
EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS	2,139,202	-
NET INVESTMENT INCOME (LOSS):		
INVESTMENT INCOME	(26,826)	(7,322)
TOTAL ADDITIONS	2,162,376	(7,322)
<u>DEDUCTIONS:</u>		
BENEFIT PAYMENTS	2,139,202	-
EDUCATIONAL SCHOLARSHIPS	-	7,000
TOTAL DEDUCTIONS	2,139,202	7,000
CHANGE IN NET POSITION	23,174	(14,322)
NET POSITION AT BEGINNING OF YEAR	663,637	467,706
NET POSITION AT END OF YEAR	\$ 686,811	\$ 453,384

See accompanying notes to the basic financial statements

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

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 Select Board (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	\$1,014,129

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 5% in the joint venture.

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

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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- b. If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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, 2022

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, net pension liability, postemployment benefits, capital leases payable, and landfill postclosure 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, 2022

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 *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.

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.

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

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.

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. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds. Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

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

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 3 – Fair Market Value of Investments.

F. 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.

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 stature 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.

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

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 of stop loss, and other receivables and are recorded as receivables in the fiscal year accrued.

Special Assessments

Governmental activities special assessments consist primarily of Sewer Betterments 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.

Leases Receivables

The Town determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position.

Lease receivables represents the Town's claim to lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at the commencement date. Interest revenue is recognized ratably over the contract term.

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

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lease before the commencement of the lease term. The deferred inflows related leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The Town has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Town has elected to use their borrowing rate at the time of the contract to calculate the present value of expected lease payments.

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, improvements (other than buildings), machinery and equipment, vehicles, software, furniture and fixtures, other, 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, 2022

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
Improvements (other than buildings)	5-30
Machinery and equipment	5-10
Vehicles	5-15
Furniture & Fixture	10
Infrastructure	50
Software	5-10
Other	5-10

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, 2022

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 Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town reported deferred outflows of resources related to postemployment benefits, leases and pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town reported deferred inflows of resources related to postemployment benefits, leases and pensions in this category.

Governmental Funds Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

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.

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

- 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”

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.

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

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.

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, 2022 is recorded in the governmental fund financial statement.

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

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Norfolk County Contributory Retirement System (NCCRS) and the Massachusetts Teachers Retirement System (MTRS), additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. 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 MGL 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.

R. 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.

S. 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.

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

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 2022 approved budget authorized \$66,847,202 in current year appropriations and other amounts to be raised and \$1,838,919 in encumbrances and appropriations carried over from previous fiscal years. Supplemental appropriations of \$1,393,474 were approved at one Town Meeting during fiscal year 2022.

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

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, 2022, is presented below:

Net change in fund balance - budgetary basis	\$ 3,276,648
Basis of accounting differences:	
Net stabilization fund activity	(65,500)
Increase in revenue for on-behalf payments - MTRS	4,142,881
Increase in expenditures for on-behalf payments - MTRS	(4,142,881)
Increase in revenue for the MWPAT subsidy	765
Increase in expenditures for the MWPAT subsidy	<u>(765)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 3,211,148</u></u>

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

C. Deficit Fund Balances

Several individual fund deficits exist within the special revenue funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants, and/or proceeds from long-term debt during fiscal year 2023.

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 have a formal deposit policy for custodial credit risk.

The Town carries deposits that are fully insured by FDIC insurance and DIF insurance. The Town also carries deposits that are not collateralized and are uninsured, or collateralized with securities 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, 2022

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, 2022:

TOTAL BANK BALANCES		<u>\$ 33,987,245</u>
BANK BALANCES COVERED BY DEPOSIT INSURANCE		
FDIC	2,527,477	
DIF	<u>15,675,436</u>	
TOTAL INSURED BANK BALANCES		18,202,913
BANK 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	11,945,683	
BANK BALANCES UNINSURED & UNCOLLATERALIZED	<u>3,838,649</u>	
TOTAL BANK BALANCES SUBJECT TO CUSTODIAL CREDIT RISK		<u>15,784,332</u>
TOTAL BANK BALANCES		<u>\$ 33,987,245</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.

- 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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Presented below is the actual rating as of year-end for each investment type of the Town:

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End						
			Aaa	A1	A2	A3	Baa1	Baa2	Unrated
Corporate Bonds	\$ 2,406,207	N/A	\$ -	\$ 431,395	\$ 435,662	\$ 385,770	\$ 837,779	\$ 315,601	\$ -
Fixed income mutual funds	473,916	N/A	-	-	-	-	-	-	473,916
Equity mutual funds	1,654,718	N/A	-	-	-	-	-	-	1,654,718
Money market mutual funds	835,701	N/A	-	-	-	-	-	-	835,701
U.S. Government Agencies & Securities	1,811,057	N/A	1,680,901	-	-	-	-	-	130,156
Certificates of Deposit	512,445	N/A	-	-	-	-	-	-	512,445
Total Investments	<u>\$ 7,694,044</u>		<u>\$ 1,680,901</u>	<u>\$ 431,395</u>	<u>\$ 435,662</u>	<u>\$ 385,770</u>	<u>\$ 837,779</u>	<u>\$ 315,601</u>	<u>\$ 3,606,936</u>

a) 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 corporate bonds, U.S. Government agencies and securities, and certificates of deposit because the related securities are registered in the name of the Town. The mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Town will minimize Custodial Credit Risk (loss due to the failure of the security issuer) by limiting investments to those approved by the Commonwealth of Massachusetts Commissioners of Banks known as the “legal” list.

b) 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 of 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.

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

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

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	Greater than 5
<i>Debt Related Securities:</i>				
Corporate bonds	\$ 2,406,207	\$ 187,070	\$ 1,967,664	\$ 251,473
Fixed Income Mutual Funds	473,916	473,916	-	-
U.S. Government & Agency	1,811,057	687,262	1,024,947	98,848
Certificates of deposit	512,445	276,351	236,094	-
Total - Debt related securities	5,203,625	1,624,599	3,228,705	350,321
<i>Other Investments:</i>				
Equity mutual funds	1,654,718	1,654,718	-	-
Money market mutual funds	835,701	835,701	-	-
Total Other Investments	2,490,419	2,490,419	-	-
Total Investments	\$ 7,694,044	\$ 4,115,018	\$ 3,228,705	\$ 350,321

c) Concentration of Credit Risk

The Town will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Investments in foreign currency are not permitted.

Investments in bonds shall adhere to the legal list and not exceed 20% of the total portfolio nor an amount greater than the non-expendable trusts. These investments are long term and care should be taken to preserve principal value.

Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by the major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

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

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

The Town has the following recurring fair value measurement as of June 30, 2022.

Investment Type	June 30, 2022	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Certificates of Deposit	\$ 512,445	\$ 512,445	\$ -	\$ -
U.S. Government Agencies	1,811,057	1,811,057	-	-
Corporate Bonds	2,406,207	-	2,406,207	-
Fixed Income	473,916	-	473,916	-
Total debt securities	5,203,625	2,323,502	2,880,123	-
Other Investments				
Mutual Funds	835,701	835,701	-	-
Equity Mutual Funds	1,654,718	1,654,718	-	-
Total other investments	2,490,419	2,490,419	-	-
Total investments measured at fair value	7,694,044	\$ 4,813,921	\$ 2,880,123	\$ -
Investments measured at amortized cost				
Massachusetts Municipal Depository Trust - (MMDT)	1,410,735			
Total Investments	\$ 9,104,779			

Certificates of Deposit, U.S. Government Agencies, Mutual Funds, and Equity Mutual Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds and fixed income mutual funds are classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Massachusetts Municipal Depository Trust (MMDT) investments are valued at amortized cost. Under the amortized cost method an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

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

NOTE 4 – RECEIVABLES

The receivables at June 30, 2022 for the Town’s individual major and 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	\$ 741,113	\$ (65,100)	\$ 676,013
Tax liens	790,369	-	790,369
Motor vehicles excise taxes	695,292	(204,800)	490,492
User fees	2,058,931	(920,457)	1,138,474
Departmental and other	578,011	-	578,011
Leases	10,051	-	10,051
Intergovernmental	340,824	-	340,824
Special assessments	897,757	-	897,757
 Total	 <u>\$ 6,112,348</u>	 <u>\$ (1,190,357)</u>	 <u>\$ 4,921,991</u>

The receivables at June 30, 2022 for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 487,500	\$ -	\$ 487,500
Leases	2,424,336	-	2,424,336
<i>Sanitation</i>			
User fees	335,060	-	335,060
 Total	 <u>\$ 3,246,896</u>	 <u>\$ -</u>	 <u>\$ 3,246,896</u>

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

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

Deferred Inflows:	General Fund	Nonmajor Governmental Funds	Total
Deferred Property Taxes	\$ 420,522	\$ -	\$ 420,522
Deferred Other Revenue	2,189,353	1,444,103	3,633,456
Total	<u>\$ 2,609,875</u>	<u>\$ 1,444,103</u>	<u>\$ 4,053,978</u>

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

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities:	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 13,156,915	\$ 1,007,800	\$ -	\$ 14,164,715
Construction in progress	1,935,595	2,056,965	(823,889)	3,168,671
Total capital assets not being depreciated	15,092,510	3,064,765	(823,889)	17,333,386
<i>Capital assets being depreciated:</i>				
Buildings	72,440,590	2,151,028	754,489	75,346,107
Improvements (other than buildings)	1,558,413	760	-	1,559,173
Machinery and equipment	11,389,585	192,467	-	11,582,052
Vehicles	8,920,889	757,482	(138,488)	9,539,883
Software	751,651	-	-	751,651
Furniture & fixtures	37,496	-	-	37,496
Other	1,009,076	-	-	1,009,076
Infrastructure	38,104,240	631,033	-	38,735,273
Total capital assets being depreciated	134,211,940	3,732,770	616,001	138,560,711
<i>Less accumulated depreciation for:</i>				
Buildings	(36,545,303)	(1,574,089)	-	(38,119,392)
Improvements (other than buildings)	(551,586)	(78,464)	-	(630,050)
Machinery and equipment	(10,084,517)	(346,606)	-	(10,431,123)
Vehicles	(5,944,303)	(477,891)	207,888	(6,214,306)
Software	(718,589)	(25,865)	-	(744,454)
Furniture & fixtures	(37,496)	-	-	(37,496)
Other	(1,001,576)	(2,500)	-	(1,004,076)
Infrastructure	(13,645,759)	(659,023)	-	(14,304,782)
Total accumulated depreciation	(68,529,129)	(3,164,438)	207,888	(71,485,679)
Total capital assets being depreciated, net	65,682,811	568,332	823,889	67,075,032
Total governmental activities capital assets, net	\$ 80,775,321	\$ 3,633,097	\$ -	\$ 84,408,418

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

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	1,781,599	1,031,577	-	2,813,176
Total capital assets not being depreciated	5,354,699	1,031,577	-	6,386,276
<i>Capital assets being depreciated:</i>				
Machinery and equipment	1,446,738	-	-	1,446,738
Vehicles	1,245,631	-	-	1,245,631
Software	356,100	-	-	356,100
Infrastructure	32,438,392	94,639	-	32,533,031
Total capital assets being depreciated	35,486,861	94,639	-	35,581,500
<i>Less accumulated depreciation for:</i>				
Machinery and equipment	(1,314,237)	(38,384)	-	(1,352,621)
Vehicles	(940,466)	(44,977)	-	(985,443)
Software	(345,345)	(6,755)	-	(352,100)
Infrastructure	(6,984,309)	(671,693)	-	(7,656,002)
Total accumulated depreciation	(9,584,357)	(761,809)	-	(10,346,166)
Total capital assets being depreciated, net	25,902,504	(667,170)	-	25,235,334
Total business-type activities capital assets, net	\$ 31,257,203	\$ 364,407	\$ -	\$ 31,621,610

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

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

Governmental Activities:	
General government	\$ 142,214
Public safety	694,543
Education	1,369,415
Public works	811,546
Sewer	68,941
Human services	41,781
Culture and recreation	<u>35,998</u>
Total depreciation expense - governmental activities	<u>\$ 3,164,438</u>
Business-Type Activities:	
Water	<u>\$ 761,809</u>

NOTE 6 – CAPITAL AND OPERATING LEASES

The Town has entered into lease agreements as lessee for financing the acquisition of the Elgin Pelican street sweeper, and 1,361 chrome books, computers, and Savin Pro8300's. These lease agreements qualify as capital and operating leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the capital and operating leases are as follows:

	Governmental Activities		
	<u>Capital Lease</u>	<u>Operating Leases</u>	<u>Total</u>
Assets:			
Vehicle	\$ 226,455	\$ -	\$ 226,455
Machinery & Equipment	-	219,900	219,900
Less: Accumulated depreciation	<u>(158,519)</u>	<u>-</u>	<u>(158,519)</u>
	<u>\$ 67,936</u>	<u>\$ 219,900</u>	<u>\$ 287,836</u>

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

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2022, are as follows:

Year Ending June 30	Governmental Activities		Total
	Capital Lease	Operation Leases	
2023	\$ 49,174	\$ 123,261	\$ 172,435
2024	-	82,340	82,340
2025	-	7,149	7,149
2026	-	7,150	7,150
Total minimum lease payments	49,174	219,900	269,074
Less: amounts representing interest	(2,023)	-	(2,023)
Present value of minimum lease payments	<u>\$ 47,151</u>	<u>\$ 219,900</u>	<u>\$ 267,051</u>

NOTE 7 – LEASES (LESSOR)

The Town leases space on various Water towers located in the Town to Verizon, T-Mobile (2), AT&T, & Nextel (2) for various terms under long-term, lease agreements. The leases expire at various dates through 2047.

The future governmental activities minimum lease receipts under the lease agreements are as follows:

Year Ending June 30	Governmental Activities		
	Total Payemnt	Less Interest	Principal
2023	<u>\$ 33,591</u>	<u>\$ (23,540)</u>	<u>\$ 10,051</u>

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

The future proprietary minimum lease receipts under the lease agreements are as follows:

Year Ending June 30	Buisness Type Activities		
	Total Payemnt	Less Interest	Principal
2023	\$ 237,274	\$ (60,894)	\$ 176,380
2024	243,409	(66,344)	177,065
2025	216,945	(53,999)	162,946
2026	223,453	(59,163)	164,290
2027	230,157	(64,488)	165,669
2028-2032	994,132	(244,196)	749,936
2033 and thereafter	1,397,969	(569,919)	828,050
Total minimum lease payments	<u>\$ 3,543,339</u>	<u>\$ (1,119,003)</u>	<u>\$ 2,424,336</u>

NOTE 8 – INTERFUND TRANSFERS

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

Operating Transfers Out:	Operating Transfers In:			
	General Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Total
General Fund	\$ -	\$ 415	\$ 690,919	\$ 691,334 (1)
Nonmajor Governmental Funds	101,275	-	-	101,275 (2)
Nonmajor Governmental Funds	49	-	-	49 (3)
General Fund	-	31,236	-	31,236 (3)
Total	<u>\$ 101,324</u>	<u>\$ 31,651</u>	<u>\$ 690,919</u>	<u>\$ 823,894</u>

(1) Represents budgeted transfers to various funds.

(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, 2022

NOTE 9 – 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 (SAANS).

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

The following is a summary of changes in short-term debt for the year ended June 30, 2022:

Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
<u>Governmental Funds</u>						
Title V Interim Loan	0.00%		\$ 450,000	\$ -	\$ (450,000)	\$ -
Title V Interim Loan	0.00%		-	450,000	-	450,000
Total Governmental Funds			<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ (450,000)</u>	<u>\$ 450,000</u>

NOTE 10 – 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.

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

The following is a summary of the changes in long-term debt for the year ended June 30, 2022:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2021	Issued	Redeemed	Outstanding at June 30, 2022
Title V Septic	Var.%	\$ 20,408	\$ -	\$ 10,204	\$ 10,204
Land Acquisition	3.96%	220,000	-	55,000	165,000
Town Hall Construction	3.96%	240,000	-	60,000	180,000
Title V Septic	Var.%	75,000	-	15,000	60,000
Multiple Purposes	3.74%	275,000	-	45,000	230,000
Title V Septic	0.00%	120,719	-	9,977	110,742
School Construction - Refunding	1.87%	805,000	-	805,000	-
Multiple Purposes	1.47%	2,220,000	-	370,000	1,850,000
Title V Septic	0.00%	180,000	-	15,000	165,000
Police Station	2.94%	5,280,000	-	285,000	4,995,000
Multiple Purposes	Var.%	1,480,000	-	175,000	1,305,000
Old Mill Pond Demo	0.00%	482,518	-	22,676	459,842
MWCT CWT 16-02	2.00%	275,466	-	12,669	262,797
Multiple Purposes	Var.%	3,830,000	-	270,000	3,560,000
Land Purchase (Note)	N/A	288,000	-	96,000	192,000
MWCT CWT 17-05	Var.%	287,865	-	12,399	275,466
Multiple Purposes	2% - 5%	6,665,000	-	755,000	5,910,000
Multiple Purposes	2% - 4%	-	3,977,100	-	3,977,100
Total Bonds and Notes Payable		22,744,976	3,977,100	3,013,925	23,708,151
Add: Unamortized Premium		1,672,655	224,622	261,388	1,635,889
Total		<u>\$ 24,417,631</u>	<u>\$ 4,201,722</u>	<u>\$ 3,275,313</u>	<u>\$ 25,344,040</u>

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

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2022 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,194,408	\$ 837,507	\$ 3,031,915
2024	2,217,697	730,110	2,947,807
2025	2,152,303	641,929	2,794,232
2026	2,057,922	558,303	2,616,225
2027	2,028,552	481,800	2,510,352
2028-2032	7,557,697	1,463,177	9,020,874
2033-2037	4,549,824	384,736	4,934,560
2038-2042	949,748	59,413	1,009,161
	<u>\$ 23,708,151</u>	<u>\$ 5,156,975</u>	<u>\$ 28,865,126</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 \$690,948 from scheduled annual payments in FY 2022 from the MSBA for completed school construction projects.

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

Bonds and Notes Payable Schedule – Water Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2021	Issued	Redeemed	Outstanding at June 30, 2022
Water	3.78%	\$ 250,000	\$ -	\$ 50,000	\$ 200,000
Water - 2005	3.96%	100,000	-	25,000	75,000
Water - 2008	3.86%	300,000	-	40,000	260,000
Water - 2008	3.82%	175,000	-	25,000	150,000
Water - 2014	Var %	1,665,000	-	95,000	1,570,000
MWPAT Water Treatment Plant	2.00%	10,490,514	-	599,059	9,891,455
WaterStandpipe Rehab	2% - 4%	-	787,900	-	787,900
Total Bonds and Notes Payable		12,980,514	787,900	834,059	12,934,355
Add: Unamortized Premium		-	53,275	-	53,275
Total		<u>\$ 12,980,514</u>	<u>\$ 841,175</u>	<u>\$ 834,059</u>	<u>\$ 12,987,630</u>

The annual debt service requirements for principal and interest for water enterprise fund bonds and notes outstanding at June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 944,979	\$ 311,346	\$ 1,256,325
2024	970,381	279,675	1,250,056
2025	988,973	252,130	1,241,103
2026	982,860	225,200	1,208,060
2027	957,049	199,518	1,156,567
2028-2032	4,539,113	661,279	5,200,392
2033-2036	<u>3,551,000</u>	<u>179,495</u>	<u>3,730,495</u>
Total	<u>\$ 12,934,355</u>	<u>\$ 2,108,643</u>	<u>\$ 15,042,998</u>

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

Loans Authorized and Unissued

As of June 30, 2022, the Town has loans authorized and unissued as follows:

Description	Date Authorized	Amount
Sewage Disposal, Fuel Storage Tanks, De-Leading	5/23/2018	\$ 300,000
Land Acquisition (Domino's)	11/13/2019	384,000
Total		<u>\$ 684,000</u>

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2022:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 22,744,976	\$ 3,977,100	\$ (3,013,925)	\$ 23,708,151	\$ 2,194,408
Add: Unamortized Premium	1,672,655	224,622	(261,388)	1,635,889	262,665
Total Bonds and Notes Payable	24,417,631	4,201,722	(3,275,313)	25,344,040	2,457,073
Compensated absences	1,195,644	-	(38,890)	1,156,754	381,729
Landfill postclosure care costs	48,000	9,000	-	57,000	19,000
Net Pension Liability	21,482,198	-	(8,078,710)	13,403,488	-
OPEB	83,005,391	-	(25,565,959)	57,439,432	-
Leases	142,734	219,900	(95,583)	267,051	170,412
Total governmental activities long-term liabilities	<u>\$ 130,291,598</u>	<u>\$ 4,430,622</u>	<u>\$ (37,054,455)</u>	<u>\$ 97,667,765</u>	<u>\$ 3,028,214</u>
 Business-Type Activities:	 Beginning Balance	 Additions	 Reductions	 Ending Balance	 Current Portion
Bonds and notes payable	\$ 12,980,514	\$ 787,900	\$ (834,059)	\$ 12,934,355	\$ 944,979
Add: Unamortized Premium	-	53,275	-	53,275	-
Total Bonds and Notes Payable	12,980,514	841,175	(834,059)	12,987,630	944,979
Net Pension Liability	1,231,058	-	(462,958)	768,100	-
OPEB	1,884,903	-	(572,429)	1,312,474	-
Total business-type activities long-term liabilities	<u>\$ 16,096,475</u>	<u>\$ 841,175</u>	<u>\$ (1,869,446)</u>	<u>\$ 15,068,204</u>	<u>\$ 944,979</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, 2022

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, 2022:

<u>Agency</u>	<u>Total Long-Term Debt Outstanding</u>	<u>Town's Estimated Share</u>	<u>Town's Indirect Debt</u>
Norfolk County	\$ 14,845,000	1.668%	\$ 247,615
Blackstone Valley Vocational Regional School District			
School Construction Bonds	<u>1,110,000</u>	5.00%	<u>55,500</u>
	<u>\$ 15,955,000</u>		<u>\$ 303,115</u>

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

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
Restricted For:			
General Government	\$ -	\$ 4,016,890	\$ 4,016,890
Public Safety	-	658,992	658,992
Education	-	3,598,855	3,598,855
Public Works	-	4,388,925	4,388,925
Sewer	-	650,568	650,568
Human Services	-	1,181,497	1,181,497
Culture & Recreation	-	244,024	244,024
Employee Benefits	-	551,718	551,718
Tax Rate Stabilization	2,123,470	-	2,123,470
ED-SPED Reserve Stabilization	484,737	-	484,737
Expendable Trust Funds	-	49,082	49,082
	<u>2,608,207</u>	<u>15,340,551</u>	<u>17,948,758</u>
Committed To:			
Continuing Appropriations			
General Government	82,972	-	82,972
Public Safety	782,911	-	782,911
Education	84,593	-	84,593
Public Works	423,341	-	423,341
Human Services	38,400	-	38,400
Culture & Recreation	69,528	-	69,528
	<u>1,481,745</u>	<u>-</u>	<u>1,481,745</u>
Assigned To:			
Encumbered For:			
General Government	47,600	-	47,600
Public Safety	10,504	-	10,504
Education	615,012	-	615,012
Public Works	247,942	-	247,942
Culture & Recreation	1,000	-	1,000
Subsequent Years Expenditures	1	-	1
Capital Investment Stabilization Fund	612,373	-	612,373
	<u>1,534,432</u>	<u>-</u>	<u>1,534,432</u>
Unassigned			
General Fund	7,850,917	-	7,850,917
General Stabilization Fund	2,205,852	-	2,205,852
Nonmajor Governmental Funds	-	(626,068)	(626,068)
Capital Projects			
Sewer	-	(837)	(837)
	<u>10,056,769</u>	<u>(626,905)</u>	<u>9,429,864</u>
Total Governmental Fund Balances	<u>\$ 15,681,153</u>	<u>\$ 14,713,646</u>	<u>\$ 30,394,799</u>

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

NOTE 11 – STABILIZATION FUNDS

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 \$2,205,852 as of June 30, 2022. 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 \$612,373 as of June 30, 2022. 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 \$2,123,470 as of June 30, 2022.
- The *Special Education Reserve Stabilization Fund* is used to account for unanticipated or unbudgeted costs of special education, out of district tuition, or transportation. The Special Education Stabilization fund balance is \$484,737 as of June 30, 2022. The fund was established under Section 24 of Chapter 218 of the Acts of 2016 of the Massachusetts General Laws.

NOTE 12 – 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 \$10,000 per incident. Buildings are fully insured against earthquake damage, to the extent that losses exceed \$25,000 per incident. The buildings are not insured for losses due to flood.

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 2022.

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

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 684 employees and retirees who participate in the Town's health care programs. For those 381 employees electing a Health Maintenance Organization (HMO), the town contributes 80% of the costs. For those 9 employees and retirees over 65 years old electing a Health Maintenance Organization (HMO), the Town contributes 80% for the active employees and 50% of the costs for the retired employees. For those 2 active employees electing the Blue Cross and Blue Shield Master Health Plus (self-insured full indemnity plan), the Town contributes either 65% or 75% of the premium costs for active school employees based on their date of hire. For active employees eligible for Part A Medicare they are required to enroll at the age of 65 and stay on the HMO plan at 80/20. Any retiree eligible for Part A and B at the age of 65 must enroll and then will be moved to the Medex supplemental plan at 50/50. There are 266 retirees currently enrolled in the Medex Supplemental plan.

Stop loss insurance is carried on all self-insured health care claims in excess of \$175,000 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, 2022 and June 30, 2021, 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 2022 and 2021 were as follows:

	Healthcare	
	2022	2021
Liability at beginning of fiscal year	\$ 1,415,630	\$ 389,398
Claims incurred for current fiscal year and Changes in provisions for prior year	10,419,456	11,737,860
Claims payments for current fiscal year	<u>(11,042,292)</u>	<u>(10,711,628)</u>
Liability at end of fiscal year	<u>\$ 792,794</u>	<u>\$ 1,415,630</u>

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

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The GASB Standards for *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the following disclosures in the financial statements related to the retiree medical, dental, and life insurance benefits:

Plan Description. Town of Bellingham Other Postemployment Benefits Plan (The Plan) 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 50% of the premium cost of retirees' health, dental and life insurance costs.

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended by the Town ordinances. For the period ending on June 30, 2022 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$2,139,202. The Town also contributed \$50,000 to an OPEB Trust for a total contribution during the measurement period \$2,189,202 to be reported on the financial statement for the fiscal year ending June 30, 2022. As of June 30, 2022, the balance of this fund totaled \$686,811.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2022, the Town pre-funded future OPEB liabilities totaling \$50,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2022, the balance of this fund totaled \$686,811.

GASB Statement #75 – OPEB Employer Financial Reporting

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Measurement Date - GASB #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Plan Membership – The following table represents the Plan's membership as July 1, 2021:

Active Members	451
Inactive members or beneficiaries currently receiving benefits	<u>361</u>
Total	<u><u>812</u></u>

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

Components of OPEB Liability – The following table represents the components of the Plan's OPEB liability as of June 30, 2022:

Total OPEB Liability	\$ 59,438,717
Less: OPEB plan's fiduciary net position	<u>(686,811)</u>
Net OPEB Liability	<u><u>\$ 58,751,906</u></u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	1.16%
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TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Significant Actuarial Methods and Assumptions – The plan’s total OPEB liability, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2022 to be in accordance with GASB Statement #75.

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2021.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market value of assets as of the measurement date, June 30, 2022
Investment Rate of Return	6.41%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate:	4.09% as of June 30, 2022 (source: S&P Municipal Bond 20 year high grade index - SAPIHG)
Single Equivalent Discount Rate:	4.39% net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2022 and for future periods
Salary Increases:	3.00% annually as of June 30, 2022 and for future periods
Cost of Living Adjustment	Not Applicable
Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Assumption Experience Study:	The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016

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

Investment Policy

Rate of Return – For the year ended June 30, 2022 the annual money-weighted rate on investments, net of investments expense, was -3.78%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

The long-term real rate of return on OPEB investments was determined using the Town's investment policy. Best estimates of real rates of returns for each major asset class included in the OPEB plans target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity - large cap	14.50%	4.42%
Domestic equity - small/mid cap	3.50%	4.81%
International equity - developed market	16.00%	4.91%
International equity - emerging market	6.00%	5.58%
Domestic fixed income	20.00%	1.00%
International fixed income	3.00%	1.04%
Alternatives	23.00%	5.98%
Real Estate	14.00%	6.25%
Cash	<u>0.00%</u>	0.00%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 4.39% as of June 30, 2022, and 2.50% as of June 30, 2021.

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2021	\$ 85,553,931	\$ 663,637	\$ 84,890,294
Charges for the year:			
Service cost	3,511,653	-	3,511,653
Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,200,065	-	2,200,065
Change in assumptions	(2,091,887)	-	(2,091,887)
Change in benefit terms	(28,850,183)	-	(28,850,183)
Difference between actual and expected experience	1,254,340	-	1,254,340
Net Investment Income	-	(26,826)	26,826
Employer Contributions to Trust	-	2,189,202	(2,189,202)
Benefit payments withdrawn from trust	-	(2,139,202)	2,139,202
Benefit payments excluding implicit costs	(1,531,796)	-	(1,531,796)
Implicit cost amount	(607,406)	-	(607,406)
Net Changes	(26,115,214)	23,174	(26,138,388)
Balance at June 30, 2022	<u>\$ 59,438,717</u>	<u>\$ 686,811</u>	<u>\$ 58,751,906</u>

Sensitivity of the net OPEB liability to changes in the discount rate – The following table presents the Plan's net OPEB liability, calculated using the discount rate of 4.39% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage- point lower (3.39%) or 1 percentage-point higher (5.39%) than the current rate.

	1% Decrease (3.39%)	Current Discount Rate (4.39%)	1% Increase (5.39%)
Net OPEB liability	\$ 68,732,503	\$ 58,751,906	\$ 50,805,987

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

Sensitivity of the net OPEB liability to changes in the healthcare trend – The following table presents the net other postemployment benefit liability, calculated using the healthcare trend rate if it was 1 percentage-point lower or 1 percentage-point higher than the current rate.

	1% Decrease (7.00%)	Current Trend (8.00%)	1% Increase (9.00%)
Net OPEB liability	\$ 50,086,369	\$ 58,751,906	\$ 69,782,994

Deferred Outflows/Inflows of Resources

At June 30, 2022 the Town reported deferred outflows and inflows of resources related to OPEB of \$7,961,468 and \$5,791,581 respectively.

The balances of deferred outflows and inflows as June 30, 2022 consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience	\$ 1,243,623	\$ (4,064,770)	\$ (2,821,147)
Change in assumptions	6,671,928	(1,726,811)	4,945,117
Net difference between projected and actual earnings on OPEB plan investments	45,917	-	45,917
Total Deferred Outflows (Inflows) of Resources	<u>\$ 7,961,468</u>	<u>\$ (5,791,581)</u>	<u>\$ 2,169,887</u>

The Town's deferred outflows and inflows of resources related to other postemployment benefits will be recognized in future years other postemployment benefits are as follows:

<u>Period Year ended June 30</u>	<u>Amount</u>
2023	\$ 1,768,051
2024	479,656
2025	(467,611)
2026	496,493
2027	(106,702)
Total Deferred Outflows/Inflows Recognized in Future Years	<u>\$ 2,169,887</u>

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

Changes of Assumption – The Discount Rate was increased from 2.50% to 4.39%.

Changes in Plan Provisions - None

NOTE 14 – PENSION PLANS

A. Plan Descriptions

The Town is a member of the Norfolk County Retirement System (The System), a cost-sharing multiple-employer, contributory defined benefit pension plan covering eligible employees of the 42 member units deemed eligible by the system. Chapter 32 of the Massachusetts General Law assigns authority to establish and amend benefit provisions of the system. Substantially all employees are members of the system except for school teachers and certain school administrators.

The System issues a publically available audited financial report that may be obtained by contacting the system's executive director at 480 Neponset Street, Building #15, Canton, Massachusetts 02021. The report can also be obtained online at www.norfolkcountyretirement.org.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>. The MTRS report may also be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No.68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2021. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$4,142,881 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$51,627,364 as of the measurement date.

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.

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

B. Benefits Provided

The System and MTRS provide retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of an employee's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became employees on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Employees become vested after ten years of creditable service. There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have even been specified as hazardous. Lastly, group 4 consists of police officers, firefighters, and other hazardous positions.

Employees become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in groups 1 or 2. A person who became an employee on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service in group 1, 55 years of age with 10 years of service if in group 2 and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

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

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, with at least ten years of creditable service, such employees are entitled to receive one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited in to the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the system and all costs are borne by the system.

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

C. Contributions

Norfolk County Contributory Retirement System

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan members are required to contribute to the system at rates ranging from 5 to 9% of their gross compensation. Members joining the system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the system, a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution for the year ended December 31, 2021 which was \$3,294,448 and 22.11% of covered payroll, actuarially determined as an amount that when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

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

Pension Liabilities

At June 30, 2022 the Town reported a liability of \$14,171,588 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, updated procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members actuarially determined. At December 31, 2021, the Town's proportion was 3.85% which had a slight decrease from its proportion measured as of December 31, 2020.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022 the Town recognized pension expense of \$281,297. At June 30, 2022 the Town reported deferred outflows and inflows of resources related to pensions of \$2,434,268 and \$8,613,137 respectively.

The balances of deferred outflows and inflows as June 30, 2022 consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience	\$ 1,433,442	\$ -	\$ 1,433,442
Changes of Assumptions	-	-	-
Difference between projected and actual investment earnings	982,273	(6,225,792)	(5,243,519)
Changes in proportionate share of contributions	18,553	(2,387,345)	(2,368,792)
Total Deferred Outflows (Inflows) of Resources	<u>\$ 2,434,268</u>	<u>\$ (8,613,137)</u>	<u>\$ (6,178,869)</u>

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

The Town's net deferred outflows/inflows of resources related to pensions will be recognized in future years are as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2022	\$ (1,064,272)
2023	(2,334,290)
2024	(1,751,863)
2025	<u>(1,028,444)</u>
Totals	<u><u>\$ (6,178,869)</u></u>

E. Actuarial Assumptions

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

Valuation date	January 1, 2022
Actuarial cost method	Entry age normal cost method
Amortization method	Open-level percent of payroll.
Cost of Living Increase	3.0% of first \$18,000 of retirement income
Asset valuation method	market value
Inflation	3.0%
Projected Salary increases	3.5% - 5.5%
Mortality rates	The RP-2014 blue collar mortality table adjusted with scale MP-2014.
Investment rate of return	7.75%

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

F. Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30.5%	7.0%
International Equities	15.5%	7.7%
Fixed Income	20.5%	4.3%
Private Equity	10.0%	9.4%
Real Estate	9.5%	6.9%
Real Assets	2.5%	8.9%
Hedge Funds	11.5%	8.6%
Total	<u>100%</u>	

The system's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the plan.

For the year ended December 31, 2021 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 18.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

G. Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2021 was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Under Chapter 32 of the MGL, employers are required to make the necessary contributions such that the plan reaches full funding status by 2040. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

H. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the system, as of December 31, 2021 calculated using the discount rate of 7.75%, as well as what the system's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	<u>1% Decrease</u> <u>(6.75%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.75%)</u>	<u>1% Increase</u> <u>(8.75%)</u>
The Town's proportionate share of the net pension liability	\$ 23,585,907	\$ 14,171,588	\$ 10,077,554

Detailed information about the pension plan's fiduciary net position is available in a separately issued Norfolk County Retirement System financial report.

NOTE 15 – 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, 2022, 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 (3 years remaining), and the estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$57,000 reported as landfill post-closure liability at June 30, 2022 is based on what it would cost to perform all post-closure care at June 30, 2022. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

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

NOTE 16 – 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 2022.

<u>Description</u>	<u>Amount</u>
Dial-A-Ride Program costs	<u>\$ 129,397</u>

NOTE 17 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and while physical closure of some municipal buildings has occurred, departments have remained operational and most employees continued to perform their daily duties. The Town and School departments has leaned heavily on technology for business continuity to ensure our constituents could transact business remotely and our staff could work successfully.

Pursuant to M.G.L. Chapter 44, Section 31, the Town can set up a fund specifically related to COVID-19 expenses. This fund should capture all costs related to the COVID-19 pandemic and deficit spend for these costs, including but not limited to, overtime, cleaning and medical supplies, and IT equipment. At this time, the Town has created two funds; one for federal reimbursements and one for state reimbursements.

The virus and the resulting actions by national, state and local governments is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and state economies and, accordingly, how it will adversely impact municipalities, including the Town. These negative impacts are likely to include reduced collections of property taxes and other revenues, including local meals tax revenue, motor vehicle excise taxes and other fees and charges collected by the Town. The Town has addressed revenue reductions through a spending freeze that was instituted in mid-March, and cost savings in utility expenses through the closure of the school buildings. The Town has applied for and received some funding to offset COVID-19 expenses that would have otherwise been charged to the operating budget. In fiscal 2020, the Town had surpluses in some of the local receipts helping to alleviate pressure on other anticipated revenues.

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

In Fiscal Year 2021 the Town has incurred unanticipated costs specifically related to the pandemic. On March 27, 2020 the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment of funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19. The Commonwealth and communities throughout the Commonwealth were awarded a portion of the federal funding. In addition to the funding from the CARES Act, there are several other federal and state grants available to help offset these unanticipated costs.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2022, the following GASB pronouncements were implemented:

The GASB issued **Statement #87**, *Leases*, which was implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which was implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #92**, *Omnibus 2020*, which was implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #93**, *Replacement of Interbank Offered Rates*, which was implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Service Code 457 Deferred Compensation Plans*, which was implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statements #98**, *The Annual Comprehensive Financial Report*. The requirements of this Statement was implemented for fiscal year ended June 30, 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

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

Future GASB Pronouncements:

The GASB issued **Statement #91**, *Conduit Debt Obligations* – which is required to be implemented in 2023. Earlier application is encouraged. The primary objectives of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. . Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #94**, *Public-Private and Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #96**, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #100**, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, which is required to be implemented in 2024. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #101**, *Compensated Absences*, which is required to be implemented in 2025. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF BELLINGHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
NORFOLK COUNTY RETIREMENT SYSTEM
JUNE 30, 2022**

Schedule of the Town's Proportionate Share of the Net Pension Liability

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Town's proportion of the net pension liability	3.85%	4.44%	4.44%	4.46%	4.46%	4.55%	4.55%	4.40%
Town's proportionate share of the net pension liability	\$ 14,171,588	\$ 22,713,256	\$ 26,073,705	\$ 29,065,139	\$ 24,658,464	\$ 23,767,690	\$ 24,732,717	\$ 22,819,057
Town's covered-employee payroll	\$ 14,898,292	\$ 12,651,935	\$ 12,224,092	\$ 13,623,456	\$ 13,162,759	\$ 12,923,047	\$ 12,264,210	\$ 11,153,168
Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	95.12%	179.51%	213.30%	213.35%	187.34%	183.92%	201.67%	204.60%
Plan fiduciary net position as a percentage of the total pension liability	79.40%	70.20%	64.60%	58.30%	63.50%	61.60%	58.60%	60.10%

Note: This schedule is intended to present information for 10 years. Until a 10 year trend is compiled, information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF BELLINGHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
NORFOLK COUNTY RETIREMENT SYSTEM
JUNE 30, 2022**

SCHEDULE OF TOWN'S CONTRIBUTION

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Actuarially determined contribution	\$ 3,294,448	\$ 3,561,600	\$ 3,326,269	\$ 3,123,692	\$ 2,854,177	\$ 2,579,977	\$ 2,341,492	\$ 2,128,834
Contribution in relation to the actuarially determined contribution	(3,294,448)	(3,561,600)	(3,326,269)	(3,123,692)	(2,854,177)	(2,579,977)	(2,341,492)	(2,128,834)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 14,898,292	\$ 12,651,935	\$ 12,224,092	\$ 13,623,456	\$ 13,162,759	\$ 12,293,047	\$ 12,264,210	\$ 11,153,168
Contribution as a percentage of covered - employee payroll	22.11%	28.15%	27.21%	22.93%	21.68%	19.96%	19.09%	19.09%

Note: This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled, information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF BELLINGHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM
JUNE 30, 2022**

Schedule of the Commonwealth's Collective amounts of the Net Pension Liability

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which create a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2022	\$ 51,627,364	\$ 4,142,881	62.03%
2021	64,622,062	7,981,750	50.67%
2020	59,438,461	7,207,945	53.95%
2019	55,657,110	5,640,042	54.84%
2018	52,517,075	5,481,360	54.25%
2017	51,937,186	5,297,933	52.73%
2016	47,604,645	3,861,160	55.38%
2015	37,503,034	2,605,516	61.64%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**TOWN OF BELLINGHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2022**

Schedule of the Town's Net OPEB Liability and Related Ratios

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability						
Service Cost	\$ 3,511,653	\$ 3,083,486	\$ 2,906,707	\$ 3,201,129	\$ 2,517,169	\$ 2,771,538
Interest on total OPEB liability, service cost, and benefit payments	2,200,065	2,209,746	2,286,664	2,471,678	2,120,333	1,871,855
Differences between actual and expected experience	1,254,340	-	(8,212,492)	-	1,834,685	-
Changes of assumptions	(2,091,887)	3,968,247	1,902,062	8,898,393	4,502,203	-
Changes in benefit term	(28,850,183)	-	-	-	-	-
Benefit Payments Excluding Implicit Costs	(1,531,796)	(1,520,975)	(1,388,583)	(1,435,737)	(1,286,488)	-
Implicit Cost amount	(607,406)	(422,771)	(382,293)	(280,132)	(239,095)	(1,284,525)
Net Change in total OPEB liability	(26,115,214)	7,317,733	(2,887,935)	12,855,331	9,448,807	3,358,868
Total OPEB liability-beginning	85,553,931	78,236,198	81,124,133	68,268,802	58,819,995	55,461,127
Total OPEB liability-ending (a)	59,438,717	85,553,931	78,236,198	81,124,133	68,268,802	58,819,995
Plan fiduciary net position						
Employer Contributions to Trust	2,189,202	1,968,746	1,820,876	1,715,869	1,525,583	1,210,598
Net investment income	(26,826)	67,348	7,156	7,265	2,884	1,508
Benefit payments withdrawn from trust	(2,139,202)	(1,943,746)	(1,770,876)	(1,715,869)	(1,525,583)	(1,210,598)
Net change in plan fiduciary net position	23,174	92,348	57,156	7,265	2,884	1,508
Plan fiduciary net position - beginning	663,637	571,289	514,133	506,868	503,984	502,476
Plan fiduciary net position - ending (b)	686,811	663,637	571,289	514,133	506,868	503,984
Town's net OPEB liability-ending (a)-(b)	\$ 58,751,906	\$ 84,890,294	\$ 77,664,909	\$ 80,610,000	\$ 67,761,934	\$ 58,316,011
Plan fiduciary net position as a percentage of total OPEB liability	1.16%	0.78%	0.73%	0.63%	0.74%	0.86%
Covered-employee payroll	\$ 32,129,673	\$ 33,130,449	\$ 32,165,485	\$ 30,891,835	\$ 29,992,073	\$ 27,445,923
Plan's net OPEB liability as a percentage of covered-employee payroll	182.86%	256.23%	241.45%	260.94%	225.93%	212.48%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available

See notes to required supplementary information.

**TOWN OF BELLINGHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2022**

Schedule of the Town's Contribution

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Acuarial determined contribution	\$ 5,874,283	\$ 5,718,045	\$ 6,639,492	\$ 7,075,463	\$ 5,580,666	\$ 5,575,718
Contributions in relation to the actuarially determined contribution	<u>(2,189,202)</u>	<u>(1,968,746)</u>	<u>(1,820,876)</u>	<u>(1,715,869)</u>	<u>(1,525,583)</u>	<u>(1,210,598)</u>
Contribution deficiency (excess)	<u>\$ 3,685,081</u>	<u>\$ 3,749,299</u>	<u>\$ 4,818,616</u>	<u>\$ 5,359,594</u>	<u>\$ 4,055,083</u>	<u>\$ 4,365,120</u>
Covered-employee payroll	\$ 32,129,673	\$ 33,130,449	\$ 32,165,485	\$ 30,891,835	\$ 29,992,073	\$ 27,445,923
Contributions as a percentage of covered- employee payroll	6.81%	5.94%	5.66%	5.55%	5.09%	4.41%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**TOWN OF BELLINGHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2022**

Schedule of Investment Return						
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	-3.78%	11.67%	1.32%	1.43%	0.57%	2.75%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

TOWN OF BELLINGHAM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

Pension Plan Schedules

A. Schedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability; the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Town's Contribution

Governmental employees are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1, and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Schedule of the Commonwealth's Collective amounts of the Net Pension Liability

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total pension liability.

D. Changes in Plan Provisions – None

Other Postemployment Benefits Schedules

A. Schedule of the Town's Net OPEB Liability and Related Ratios

The Schedule of the Town's Net OPEB Liability and Related Ratios presents multi-year trend information on changes in the plan's total OPEB liability, changes in the plan's net position, and ending net OPEB liability. It also demonstrates the plan's net position as a percentage of the total liability and the plan's net OPEB liability as a percentage of covered-employee payroll.

TOWN OF BELLINGHAM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

B. Schedule of the Town's Contribution

The Schedule of the Town's contributions includes the Town's annual required contribution to the plan, along with the contribution made in relation to the actuarially determined contribution. The Town is not required to fully fund this contribution.

C. Schedule of Investment Return

The Schedule of Investment Return includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

D. Changes in Provisions - None