



TOWN OF BELMONT, MASSACHUSETTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

(With Independent Auditors' Report Thereon)

TOWN OF BELMONT, MASSACHUSETTS

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS (CONTINUED)

Independent Auditors' Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements	15
Statement of net position	16
Statement of activities	17
Governmental funds – balance sheet.....	19
Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position	20
Governmental funds – statement of revenues, expenditures, and changes in fund balances	21
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities.....	22
Proprietary funds – statement of net position.....	23
Proprietary funds – statement of revenues, expenses and changes in net position	24
Proprietary funds – statement of cash flows.....	25
Fiduciary funds – statement of fiduciary net position	26
Fiduciary funds – statement of changes in fiduciary net position	27
Notes to basic financial statements.....	28
Required Supplementary Information.....	77
Schedule of revenues, expenditures and changes in fund balance – general fund – budget and actual.....	80
Pension Plan Schedules – Retirement System.....	81
Schedule of changes in the net pension liability and related ratios.....	82
Schedule of contributions.....	83
Schedule of investment returns	84
Pension Plan Schedules – Town & Electric Light Plant	85
Schedule of the Town's proportionate share of the net pension liability.....	86
Schedule of the Electric Light's proportionate share of the net pension liability	87
Schedule of Town's contributions	88
Schedule of special funding amounts.....	89

TOWN OF BELMONT, MASSACHUSETTS

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

Other Postemployment Benefit Plan Schedules - Town & Electric Light Plant.....	90
Schedule of changes in the Town’s net OPEB liability and related ratios.....	91
Schedule of changes in the Electric Light’s net OPEB liability and related ratios.....	92
Schedule of Town contributions	93
Schedule of Electric Light contributions.....	94
Schedule of investment returns	95
Notes to required supplementary information	96

Independent Auditors' Report

To the Honorable Select Board
Town of Belmont, 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 Belmont, Massachusetts (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2024, 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.

We did not audit the financial statements of the Belmont Municipal Light Plant, whose statements reflect total assets constituting 52.0 percent, of total assets at December 31, 2023, and total revenues constituting 64.6 percent, of total revenues for the year then ended of the business-type activities. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Belmont Municipal Light Plant, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe 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 these 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 the 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's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Belmont, Massachusetts' internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, NH
March 24, 2025

Management's Discussion and Analysis

Town of Belmont, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

As management of the Town of Belmont, we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2024. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Belmont's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements themselves.

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 private-sector business.

The *statement of net position* presents information on all assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both government-wide statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Town's governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, community preservation, and interest. The Town's business-type activities include water, sewer, and electric light plant operations.

Town of Belmont, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

The government-wide financial statements include not only the Town of Belmont itself (known as the *primary government*), but also a legally separate public employee retirement system for which the Town of Belmont is financially accountable. Financial information for this *component unit* is reported separately within the fiduciary fund statements.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the Town's funds 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 fund statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

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

The Town's general fund, skating rink construction fund, and library construction fund are considered major funds for presentation purposes. These major funds are presented in separate columns in the governmental funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances. The Town's remaining governmental funds are aggregated and presented as nonmajor governmental funds.

The Town of Belmont adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund as Required Supplementary Information to demonstrate compliance with this budget.

Proprietary funds. The Town maintains two types of proprietary funds.

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

Internal Service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town maintains an internal service fund to account for health insurance activities.

Town of Belmont, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town maintains two fiduciary funds. The pension and other postemployment benefit trust fund is used to account for resources held in trust for members of the Belmont Contributory Retirement System and to account for resources held in another postemployment benefit trust for Town employees. The private purpose trust fund is used to account for resources held in trust, for which principal and investment income exclusively benefit individuals, private organizations, or other governments.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

- The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$213.8 million at the close of 2024; at the close of 2023 this balance was \$194.6 million.
- Unassigned fund balance of the general fund was \$17.1 million, or 10.9% of general fund expenditures, at the close of 2024; at the close of 2023 unassigned fund balance was \$18.0 million or 12.3% of general fund expenditures.
- The Town has recorded a net pension liability in accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*. The net pension liability totaled \$59.2 million at year-end. Please refer to Note 11 for additional information.
- The Town has recorded a net other postemployment benefits (OPEB) liability in accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. The net OPEB liability totaled \$105.5 million at year-end. Please refer to Note 12 for additional information.
- During 2024, the Town pre-funded future OPEB liabilities by contributing \$593,000 to the OPEB trust fund in excess of the pay-as-you-go required contribution. As of June 30, 2024, the restricted net position balance of the OPEB trust fund totaled \$9.1 million. Please refer to Note 13 for additional information.
- The Belmont high school construction fund, community preservation fund, and American Rescue Plan Act (ARPA) fund were previously reported as major governmental funds and have been reclassified as nonmajor governmental funds for the year ended June 30, 2024. The skating rink construction fund and library construction fund were previously reported as nonmajor governmental funds and have been reclassified as major governmental funds for the year ended June 30, 2024. Previously reported fund balances have been adjusted to reflect this change within the reporting entity. Please refer to Note 16 for additional information.

Town of Belmont, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Governmental Activities. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for governmental activities by \$139.5 million at the close of 2024.

	2024	2023
Assets:		
Current assets.....	\$ 115,302,811	\$ 101,959,067
Capital assets, net of accumulated depreciation.....	460,546,597	445,095,250
Total assets.....	575,849,408	547,054,317
Deferred outflows of resources.....	12,603,190	10,726,098
Liabilities:		
Current liabilities (excluding debt).....	10,131,479	18,391,011
Noncurrent liabilities (excluding debt).....	158,262,368	161,696,900
Current debt.....	9,647,087	8,034,087
Noncurrent debt.....	246,983,618	221,089,805
Total liabilities.....	425,024,552	409,211,803
Deferred inflows of resources.....	23,979,261	21,568,040
Net position:		
Net investment in capital assets.....	235,953,797	225,124,396
Restricted.....	7,898,021	7,573,789
Unrestricted.....	(104,403,033)	(105,697,613)
Total net position.....	\$ 139,448,785	\$ 127,000,572

A significant portion of governmental activities net position, \$236.0 million, reflects the investment in capital assets (e.g., land and improvements, buildings, vehicles, machinery and equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental activities net position, \$7.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reports a deficit balance of \$104.4 million at year-end. The primary reason for this deficit balance is the recognition of the net OPEB and net pension liabilities of \$99.8 million and \$49.9 million, respectively. These are long-term unfunded liabilities that will not require significant short-term resources.

Town of Belmont, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

The governmental activities net position increased by \$12.4 million during the current year. The increase was primarily due to the recognition of \$5.5 million of capital grant revenue, a \$4.1 million decrease in the net pension liability and related deferred inflows/outflows of resources, the Town's ability to fund \$5.3 million of capital projects with current year revenues and free cash, and the net amortization of bond premiums of \$1.3 million. These increases were offset by an increase of \$748,000 in the net OPEB liability and its related deferred inflows/outflows of resources, and the fact that depreciation on capital assets exceeded principal expense by \$4.6 million.

	2024	2023
Program Revenues:		
Charges for services.....	\$ 9,317,671	\$ 8,614,070
Operating grants and contributions.....	35,320,921	33,021,711
Capital grants and contributions.....	5,454,186	6,298,217
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	118,606,662	116,428,160
Tax and other liens.....	442,898	347,207
Motor vehicle and other excise taxes.....	4,273,672	3,932,144
Community preservation tax.....	1,567,070	1,567,641
Penalties and interest on taxes.....	328,243	245,000
Grants and contributions not restricted to specific programs.....	3,488,050	4,156,408
Unrestricted investment income (loss).....	4,492,749	2,230,226
Total revenues.....	183,292,122	176,840,784
Expenses:		
General government.....	10,195,539	10,056,704
Public safety.....	20,617,371	20,745,095
Education.....	108,482,173	99,166,814
Public works.....	18,656,646	15,756,594
Health and human services.....	1,569,057	1,762,508
Culture and recreation.....	5,607,534	5,798,183
Interest.....	6,165,589	6,720,436
Total expenses.....	171,293,909	160,006,334
Excess (Deficiency) before transfers.....	11,998,213	16,834,450
Transfers.....	450,000	350,000
Change in net position.....	12,448,213	17,184,450
Net position, beginning of year.....	127,000,572	109,816,122
Net position, end of year.....	\$ 139,448,785	\$ 127,000,572

Town of Belmont, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Governmental expenses totaled \$171.3 million, of which \$50.1 million (29.2%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$133.2 million, primarily coming from property taxes, motor vehicle excise taxes, and unrestricted investment income.

Governmental expenses increased \$11.3 million compared to the prior year, of which \$3.4 million is attributable to the combined change in the net OPEB and pension liabilities and related deferred inflows/outflows of resources. The most significant expense increase of \$9.3 million relates to education, which is primarily due to a \$4.6 million increase in budgeted general fund operations, a \$2.9 million increase in depreciation expense, and a \$2.0 million increase in nonemployer contributions made to the Massachusetts Teachers' Retirement System on behalf of the Town by the Commonwealth of Massachusetts. The increase to depreciation expense was the result of the high school construction project being moved from a nondepreciable construction in progress asset to a depreciable building asset in 2023; consequently, a full year of depreciation expense was recorded for the asset for the first time in fiscal 2024.

Business-type Activities. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for business-type activities by \$74.3 million at the close of 2024.

	2024	2023
Assets:		
Current assets.....	\$ 27,888,889	\$ 29,295,415
Noncurrent assets (excluding capital).....	16,236,769	14,670,685
Capital assets, net of accumulated depreciation.....	80,361,918	77,034,237
Total assets.....	124,487,576	121,000,337
Deferred outflows of resources.....	3,490,579	2,604,107
Liabilities:		
Current liabilities (excluding debt).....	3,013,290	4,659,834
Noncurrent liabilities (excluding debt).....	15,552,517	13,738,385
Current debt.....	2,967,994	2,907,188
Noncurrent debt.....	24,531,364	26,999,358
Total liabilities.....	46,065,165	48,304,765
Deferred inflows of resources.....	7,580,785	7,653,031
Net position:		
Net investment in capital assets.....	62,019,351	58,486,317
Restricted.....	9,743,300	9,916,949
Unrestricted.....	2,569,554	(756,618)
Total net position.....	\$ 74,332,205	\$ 67,646,648

Town of Belmont, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Business-type net position of \$62.0 million represents the net investment in capital assets while \$9.7 million is restricted and \$2.6 million is unrestricted. The Town's business-type net position increased by \$6.7 million in the current year.

	2024	2023
Program Revenues:		
Charges for services..... \$	45,816,638	\$ 41,568,649
Operating grants and contributions.....	39,690	-
General Revenues:		
Unrestricted investment income.....	1,644,435	351,619
Total revenues.....	47,500,763	41,920,268
Expenses:		
Water.....	6,194,042	6,807,082
Sewer.....	8,464,787	8,735,107
Municipal Light.....	25,706,377	25,811,092
Total expenses.....	40,365,206	41,353,281
Excess (Deficiency) before transfers and capital contributions.....	7,135,557	566,987
Transfers.....	(450,000)	(350,000)
Capital contributions.....	-	50,000
Change in net position.....	6,685,557	266,987
Net position, beginning of year.....	67,646,648	67,379,661
Net position, end of year..... \$	<u>74,332,205</u>	<u>67,646,648</u>

The water enterprise fund net position increased by \$793,000. The increase is due to operating income of \$640,000 and investment income of \$230,000, offset by interest expense totaling \$77,000. Water operating and nonoperating expenses decreased by \$613,000 over the prior year, primarily due to decreases of \$306,000 in depreciation expense and \$275,000 in indirect costs appropriated in the general fund.

The sewer enterprise fund net position increased by \$1.2 million. The increase is the result of operating income of \$1.1 million and investment income of \$212,000, offset by interest expense totaling \$121,000. Sewer operating and nonoperating expenses decreased by \$270,000 over the prior year, primarily due to decreases of \$238,000 in depreciation expense and \$271,000 in indirect costs appropriated in the general fund. These decreases were offset by a budgeted increase in non-capital operating expenses.

The light enterprise fund net position increased by \$4.7 million. Operating revenues increased \$3.3 million compared to the prior year, primarily due to rate increases effective January 1, 2023, and investment income of \$1.2 million, while operating expenses did not fluctuate significantly from the prior year.

Town of Belmont, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$87.9 million, of which \$29.2 million is for the general fund, \$19.8 million is for the skating rink construction fund, \$5.4 million is for the library construction fund, and \$33.4 million is for nonmajor governmental funds. Cumulatively there was an increase of \$18.6 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$17.1 million, while total fund balance was \$29.2 million. Fund balance of \$9.1 million was assigned for subsequent year expenditures and encumbrances, and \$3.0 million was committed for special purpose landfill stabilization. Unassigned fund balance represents 10.9% of general fund expenditures while total fund balance represents 18.7% of general fund expenditures. At the close of 2023, unassigned fund balance was 12.3% of general fund expenditures and total fund balance was 22.6% of general fund expenditures.

The general fund experienced a decrease of \$4.1 million during 2024. The decrease is mainly due to \$5.9 million of transfers out, primarily to fund capital projects and the stabilization funds. This decrease was expected as free cash was used to balance the budget.

The skating rink construction fund balance increased by \$19.7 million during the year, which is due to expected timing differences between the receipt and expenditure of bond proceeds and other financing sources. During 2024, the fund recognized \$22.2 million of bond proceeds and \$1.5 million of interfund transfers, while project expenditures totaled \$4.1 million.

The library construction fund balance increased by \$3.5 million during the year, which is due to expected timing differences between the receipt and expenditure of bond proceeds and other financing sources. During 2024, the fund recognized \$8.2 million of bond proceeds and \$850,000 of interfund transfers, while project expenditures totaled \$5.6 million.

General Fund Budgetary Highlights

The Town adopts an annual appropriated budget for its general fund. The original 2024 approved budget for the general fund authorized \$154.4 million in appropriations and other amounts to be raised, inclusive of \$1.2 million of encumbrances carried forward from the prior year. Additionally, the Town Meeting authorized supplemental appropriations totaling \$2.9 million during the year.

Town of Belmont, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Capital Asset and Debt Administration

Capital Assets. In conjunction with the annual operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures. The Town annually budgets \$3 million or more per year from current-year appropriations for capital projects.

The Town of Belmont's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$540.9 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, machinery and equipment, vehicles and infrastructure. The Town invested \$33.2 million for capital asset additions in 2024. The most significant capital activity related to the high school, library and ice rink construction projects, as well as various water, sewer and light plant infrastructure improvements.

On November 6, 2018, Belmont voters approved a debt exclusion in the amount of \$293,409,189 for the Belmont Middle and High School project. Subsequently, Town Meeting authorized the exclusion by a vote on November 13, 2018, and the Select Board approved the financing on January 7, 2019. This amount was in addition to \$1,750,000 previously appropriated for project design and demolition, bringing total appropriated for the project to \$295,159,189.

The Town spent \$9.4 million on the project in FY24 and as of year-end the project is substantially complete. As of June 30, 2024, \$216.0 million of bond proceeds and premiums had been issued and \$72.6 million had been received in reimbursements from the Massachusetts School Building Authority (MSBA). The outstanding balance related to the project is anticipated to be funded primarily from MSBA grants, with any remaining balance coming from bond proceeds. Final financial closeout is expected in FY26 or FY27, depending on the timing of the final MSBA audit, at which time final MSBA reimbursement will be received. In September 2024, \$4.8 million in bond anticipation notes were issued to provide funds to pay vendors while the MSBA reimbursements are pending.

On November 8, 2022, Belmont voters approved a debt exclusion for the Belmont Municipal Library for \$34,500,000. Subsequently, Town Meeting authorized the project by a vote on November 14, 2022. The Town spent \$5.6 million and recognized \$8.2 million of bond proceeds related to the project in FY24.

A debt exclusion for the Municipal Skating Rink was approved by Belmont voters on April 4, 2023, for \$28,653,032 and subsequently authorized by Town Meeting on May 3, 2023. In June 2024, Town Meeting approved a supplemental budget of \$1.5 million from available funds to bring the total appropriated project budget to \$30,153,032. The Town spent \$4.1 million and recognized \$22.3 million of bond proceeds related to the project in FY24.

Debt Administration. Outstanding long-term governmental debt totaled \$243.9 million as of June 30, 2024, an increase of \$26.4 million from the prior year. The increase is due to the issuance of \$33.5 million general obligation bonds in 2024, offset by budgeted principal payments of \$7.0 million.

Town of Belmont, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Of the total outstanding long-term governmental debt, \$188.3 million relates to school projects, \$22.3 million relates to the skating rink, \$8.2 million relates to the library, \$9.3 million relates to the DPW/public safety building, \$14.2 million relates to refunding bonds, and \$1.6 million relates to various other Town projects.

The enterprise funds have \$4.9 million in water debt, \$5.7 million in sewer debt, and \$15.9 million in light debt. The water enterprise fund issued \$500,000 of new debt in 2024.

The Town has an "AAA" rating from Moody's and "AAA" rating from S&P related to the issuance of general obligation debt. Please refer to notes 4, 6, and 7 for further discussion of the major capital and debt activity.

Economic Factors and Next Year's Budget

A statewide tax limitation statute known as "Proposition 2 ½" limits the property tax levy to an amount equal to 2 ½ percent of the value of all taxable property in Town. A secondary limitation is that no levy in a year may exceed the preceding year's allowable tax levy by more than 2 ½ percent, plus taxes levied on certain property newly added to the tax rolls. Certain Proposition 2 ½ taxing limitations can be overridden by Town-wide referendum vote. The Town has taken advantage of this override capability to increase operating budgets and so-called "debt exclusions" that are not subject to the Proposition 2 ½ limitations.

The Town collects approximately 99.5% of its property tax billings in the year billed. Property taxes billed were \$118.6 million in 2024, which was an increase of \$2.9 million from the prior year. Of this increase, \$999,000 is the product of certified new growth of the Town. Within this levy approximately \$13.1 million of previous debt exclusions were paid off.

The Town continues to experience growth in residential renovation and development. In 2024, 944 building permits were issued, resulting in \$1.4 million in permit fees. This activity has produced new growth tax revenue, which is exempt from the limitation imposed by Proposition 2 ½. For year 2024, the Town realized \$999,000 in new taxes from this source.

The unemployment rate for Belmont as of December 2024 was 3.8% compared to the state and nationwide figure of 4.1%.

Requests for Information

This financial report is designed to provide a general overview of the Town of Belmont's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Town Hall, 19 Moore Street, Belmont, MA 02478.

Basic Financial Statements

Town of Belmont, Massachusetts

Statement of Net Position

June 30, 2024

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 83,265,065	\$ 18,697,847	\$ 101,962,912
Investments.....	25,509,647	-	25,509,647
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,468,747	-	1,468,747
Tax liens.....	1,274,359	48,395	1,322,754
Motor vehicle and other excise taxes.....	246,026	-	246,026
User charges.....	-	5,559,710	5,559,710
Departmental and other.....	605,091	-	605,091
Intergovernmental.....	1,162,447	-	1,162,447
Community preservation state share.....	255,000	-	255,000
Inventory.....	150,429	1,619,210	1,769,639
Prepaid expenses.....	1,366,000	92,443	1,458,443
Purchased power advanced deposits.....	-	1,871,284	1,871,284
Total current assets.....	115,302,811	27,888,889	143,191,700
NONCURRENT:			
Restricted cash and cash equivalents.....	-	16,236,769	16,236,769
Capital assets, nondepreciable.....	27,461,449	2,908,737	30,370,186
Capital assets, net of accumulated depreciation.....	433,085,148	77,453,181	510,538,329
Total noncurrent assets.....	460,546,597	96,598,687	557,145,284
TOTAL ASSETS.....	575,849,408	124,487,576	700,336,984
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	7,522,549	3,187,579	10,710,128
Deferred outflows related to other postemployment benefits.....	5,080,641	303,000	5,383,641
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	12,603,190	3,490,579	16,093,769
LIABILITIES			
CURRENT:			
Warrants payable.....	4,220,911	2,486,800	6,707,711
Accrued payroll.....	706,591	109,108	815,699
Health claims payable.....	1,000,000	-	1,000,000
Tax refunds payable.....	315,192	-	315,192
Accrued interest.....	1,735,363	202,417	1,937,780
Other liabilities.....	194,526	-	194,526
Unearned revenue.....	1,791,504	-	1,791,504
Customer deposits.....	-	189,833	189,833
Landfill closure.....	68,000	-	68,000
Compensated absences.....	99,392	25,132	124,524
Notes payable.....	2,070,000	-	2,070,000
Bonds payable.....	7,577,087	2,967,994	10,545,081
Total current liabilities.....	19,778,566	5,981,284	25,759,850
NONCURRENT:			
Landfill closure.....	6,725,000	-	6,725,000
Compensated absences.....	1,888,448	477,518	2,365,966
Net pension liability.....	49,889,261	9,337,677	59,226,938
Net other postemployment benefits liability.....	99,759,659	5,737,322	105,496,981
Bonds payable.....	246,983,618	24,531,364	271,514,982
Total noncurrent liabilities.....	405,245,986	40,083,881	445,329,867
TOTAL LIABILITIES.....	425,024,552	46,065,165	471,089,717
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	3,213,635	-	3,213,635
Contribution in aid of construction, net of amortization.....	-	1,088,158	1,088,158
Rate stabilization reserve.....	-	4,613,875	4,613,875
Deferred inflows related to pensions.....	4,100,353	567,280	4,667,633
Deferred inflows related to other postemployment benefits.....	16,665,273	1,311,472	17,976,745
TOTAL DEFERRED INFLOWS OF RESOURCES.....	23,979,261	7,580,785	31,560,046
NET POSITION			
Net investment in capital assets.....	235,953,797	62,019,351	297,973,148
Restricted for:			
Depreciation.....	-	9,743,300	9,743,300
Permanent funds:			
Expendable.....	1,432,298	-	1,432,298
Nonexpendable.....	3,768,254	-	3,768,254
Gifts and grants.....	2,697,469	-	2,697,469
Unrestricted.....	(104,403,033)	2,569,554	(101,833,479)
TOTAL NET POSITION.....	\$ 139,448,785	\$ 74,332,205	\$ 213,780,990

See notes to basic financial statements.

Town of Belmont, Massachusetts

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 10,195,539	\$ 1,325,964	\$ 597,126	\$ 1,611	\$ (8,270,838)
Public safety.....	20,617,371	2,373,915	277,676	-	(17,965,780)
Education.....	108,482,173	2,459,774	33,352,850	4,441,673	(68,227,876)
Public works.....	18,656,646	1,663,367	458,046	626,684	(15,908,549)
Health and human services.....	1,569,057	118,275	333,189	-	(1,117,593)
Culture and recreation.....	5,607,534	1,376,376	302,034	53,705	(3,875,419)
Community preservation.....	-	-	-	330,513	330,513
Interest.....	6,165,589	-	-	-	(6,165,589)
Total Governmental Activities.....	171,293,909	9,317,671	35,320,921	5,454,186	(121,201,131)
<i>Business-Type Activities:</i>					
Water.....	6,194,042	6,756,900	-	-	562,858
Sewer.....	8,464,787	9,456,642	-	-	991,855
Municipal Light.....	25,706,377	29,603,096	39,690	-	3,936,409
Total Business-Type Activities.....	40,365,206	45,816,638	39,690	-	5,491,122
Total Primary Government.....	\$ 211,659,115	\$ 55,134,309	\$ 35,360,611	\$ 5,454,186	\$ (115,710,009)

(Continued)

See notes to basic financial statements.

Town of Belmont, Massachusetts

Statement of Activities

Year Ended June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (121,201,131)	\$ 5,491,122	\$ (115,710,009)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	118,606,662	-	118,606,662
Tax and other liens.....	442,898	-	442,898
Motor vehicle and other excise taxes.....	4,273,672	-	4,273,672
Community preservation tax.....	1,567,070	-	1,567,070
Penalties and interest on taxes.....	328,243	-	328,243
Grants and contributions not restricted to specific programs.....	3,488,050	-	3,488,050
Unrestricted investment income.....	4,492,749	1,644,435	6,137,184
<i>Transfers, net</i>	450,000	(450,000)	-
Total general revenues and transfers.....	133,649,344	1,194,435	134,843,779
Change in net position.....	12,448,213	6,685,557	19,133,770
<i>Net position:</i>			
Beginning of year.....	127,000,572	67,646,648	194,647,220
End of year.....	\$ 139,448,785	\$ 74,332,205	\$ 213,780,990

(Concluded)

See notes to basic financial statements.

Town of Belmont, Massachusetts

Governmental Funds Balance Sheet

June 30, 2024

	General	Skating Rink Construction Fund	Library Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 21,334,491	\$ 20,194,929	\$ 6,930,928	\$ 25,550,228	\$ 74,010,576
Investments.....	10,849,751	-	-	14,659,896	25,509,647
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,455,555	-	-	13,192	1,468,747
Tax liens.....	1,274,359	-	-	-	1,274,359
Motor vehicle and other excise taxes.....	246,026	-	-	-	246,026
Departmental and other.....	424,406	-	-	180,685	605,091
Intergovernmental.....	-	-	-	1,162,447	1,162,447
Community preservation state share.....	-	-	-	255,000	255,000
Due from other funds.....	2,082,814	-	-	-	2,082,814
TOTAL ASSETS.....	\$ 37,667,402	\$ 20,194,929	\$ 6,930,928	\$ 41,821,448	\$ 106,614,707
LIABILITIES					
Warrants payable.....	\$ 1,160,021	\$ 349,995	\$ 1,516,362	\$ 1,194,533	\$ 4,220,911
Accrued payroll.....	629,066	-	-	77,525	706,591
Tax refunds payable.....	315,192	-	-	-	315,192
Due to other funds.....	-	-	-	2,082,814	2,082,814
Other liabilities.....	194,473	-	-	53	194,526
Unearned revenue.....	-	-	-	1,791,504	1,791,504
Notes payable.....	-	-	-	2,070,000	2,070,000
TOTAL LIABILITIES.....	2,298,752	349,995	1,516,362	7,216,429	11,381,538
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	3,168,471	-	-	45,164	3,213,635
Unavailable revenue.....	2,974,428	-	-	1,143,197	4,117,625
TOTAL DEFERRED INFLOWS OF RESOURCES.....	6,142,899	-	-	1,188,361	7,331,260
FUND BALANCES					
Nonspendable.....	-	-	-	3,768,254	3,768,254
Restricted.....	-	19,844,934	5,414,566	33,333,089	58,592,589
Committed.....	2,994,189	-	-	-	2,994,189
Assigned.....	9,148,831	-	-	-	9,148,831
Unassigned.....	17,082,731	-	-	(3,684,685)	13,398,046
TOTAL FUND BALANCES.....	29,225,751	19,844,934	5,414,566	33,416,658	87,901,909
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 37,667,402	\$ 20,194,929	\$ 6,930,928	\$ 41,821,448	\$ 106,614,707

See notes to basic financial statements.

Town of Belmont, Massachusetts

**Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position**

June 30, 2024

Total governmental fund balances.....		\$ 87,901,909
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		460,546,597
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		4,117,625
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		(8,162,436)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		9,620,489
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,735,363)
Inventory is capitalized in the Statement of Activities.....		150,429
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(254,560,705)	
Net pension liability.....	(49,889,261)	
Other postemployment benefits.....	(99,759,659)	
Landfill closure.....	(6,793,000)	
Compensated absences.....	<u>(1,987,840)</u>	
Net effect of reporting long-term liabilities.....		<u>(412,990,465)</u>
Net position of governmental activities.....		<u>\$ 139,448,785</u>

See notes to basic financial statements.

Town of Belmont, Massachusetts

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

	General	Skating Rink Construction Fund	Library Construction Fund	Belmont High School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ 118,508,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,508,866
Tax liens.....	214,554	-	-	-	-	-	214,554
Motor vehicle and other excise taxes.....	4,241,239	-	-	-	-	-	4,241,239
Charges for services.....	3,725,819	-	-	-	-	-	3,725,819
Penalties and interest on taxes.....	328,243	-	-	-	-	-	328,243
Licenses and permits.....	1,559,161	-	-	-	-	-	1,559,161
Fines and forfeitures.....	287,619	-	-	-	-	-	287,619
Intergovernmental - Teachers Retirement.....	11,319,482	-	-	-	-	-	11,319,482
Intergovernmental - other.....	14,621,478	100,000	100,000	-	-	16,194,050	31,015,528
Departmental and other.....	-	-	-	-	-	4,178,773	4,178,773
Community preservation taxes.....	-	-	-	-	-	1,617,723	1,617,723
Community preservation state match.....	-	-	-	-	-	335,029	335,029
Contributions and donations.....	-	-	-	-	-	997,433	997,433
Investment income.....	2,581,639	-	-	-	-	1,336,761	3,918,400
TOTAL REVENUES.....	157,388,100	100,000	100,000	-	-	24,659,769	182,247,869
EXPENDITURES:							
Current:							
General government.....	5,000,820	-	-	-	-	614,316	5,615,136
Public safety.....	13,939,060	-	-	-	-	1,368,098	15,307,158
Education.....	83,865,880	-	-	-	-	23,970,658	107,836,538
Public works.....	15,588,187	-	-	-	-	2,664,785	18,252,972
Health and human services.....	903,042	-	-	-	-	330,397	1,233,439
Culture and recreation.....	3,688,289	4,133,066	5,639,674	-	-	2,994,642	16,455,671
Pension benefits.....	10,033,563	-	-	-	-	-	10,033,563
Employee benefits.....	6,338,542	-	-	-	-	-	6,338,542
State and county charges.....	2,220,669	-	-	-	-	-	2,220,669
Debt service:							
Principal.....	7,030,000	-	-	-	-	-	7,030,000
Interest.....	7,596,779	-	-	-	-	-	7,596,779
TOTAL EXPENDITURES.....	156,204,831	4,133,066	5,639,674	-	-	31,942,896	197,920,467
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,183,269	(4,033,066)	(5,539,674)	-	-	(7,283,127)	(15,672,598)
OTHER FINANCING SOURCES (USES):							
Issuance of bonds.....	-	22,260,000	8,220,000	-	-	2,990,900	33,470,900
Premium from issuance of bonds and notes.....	-	-	-	-	-	333,556	333,556
Transfers in.....	685,667	1,500,000	850,000	-	-	5,069,151	8,104,818
Transfers out.....	(5,931,816)	-	-	-	-	(1,723,002)	(7,654,818)
TOTAL OTHER FINANCING SOURCES (USES).....	(5,246,149)	23,760,000	9,070,000	-	-	6,670,605	34,254,456
NET CHANGE IN FUND BALANCES.....	(4,062,880)	19,726,934	3,530,326	-	-	(612,522)	18,581,858
FUND BALANCES AT 6/30/23, AS PREVIOUSLY REPORTED.....	33,288,631	-	-	(520,759)	7,258,845	29,293,334	69,320,051
ADJUSTMENT - CHANGE FROM NONMAJOR TO MAJOR FUND.....	-	118,000	1,884,240	-	-	(2,002,240)	-
ADJUSTMENT - CHANGE FROM MAJOR TO NONMAJOR FUND.....	-	-	-	520,759	(7,258,845)	6,738,086	-
FUND BALANCES AT 6/30/23, AS ADJUSTED.....	33,288,631	118,000	1,884,240	-	-	34,029,180	69,320,051
FUND BALANCES AT END OF YEAR.....	\$ 29,225,751	\$ 19,844,934	\$ 5,414,566	\$ -	\$ -	\$ 33,416,658	\$ 87,901,909

See notes to basic financial statements.

Town of Belmont, Massachusetts

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2024

Net change in fund balances - total governmental funds.....		\$ 18,581,858
<p>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.</p>		
Capital outlay.....	27,083,971	
Depreciation expense.....	<u>(11,632,624)</u>	
Net effect of reporting capital assets.....		15,451,347
<p>Governmental funds report inventories as expenditures. However in the Statement of Activities the cost of those assets is capitalized and expensed when depleted.....</p>		
		(76,783)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		469,904
<p>The issuance of long-term debt 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(33,470,900)	
Premium from issuance of bonds and notes.....	(333,556)	
Net amortization of premium from issuance of bonds.....	1,337,643	
Net change in deferred charge on refunding.....	(2,282)	
Debt service principal payments.....	<u>7,030,000</u>	
Net effect of reporting long-term debt.....		(25,439,095)
<p>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.</p>		
Net change in compensated absences accrual.....	(52,789)	
Net change in accrued interest on long-term debt.....	95,829	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(2,617,111)	
Net change in net pension liability.....	6,737,871	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	2,218,557	
Net change in other postemployment benefits liability.....	(2,966,189)	
Net change in landfill closure.....	<u>(290,000)</u>	
Net effect of recording long-term liabilities.....		3,126,168
<p>The net activity of internal service funds is reported with Governmental Activities.....</p>		
		<u>334,814</u>
Change in net position of governmental activities.....		\$ <u>12,448,213</u>

See notes to basic financial statements.

Town of Belmont, Massachusetts

Proprietary Funds Statement of Net Position

June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light December 31, 2023	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 3,671,124	\$ 3,370,893	\$ 11,655,830	\$ 18,697,847	\$ 9,254,489
Receivables, net of allowance for uncollectibles:					
Liens - user charges.....	21,855	26,540	-	48,395	-
User charges.....	1,521,010	1,998,346	2,040,354	5,559,710	-
Inventory.....	323,712	26,109	1,269,389	1,619,210	-
Prepaid expenses.....	-	-	92,443	92,443	1,366,000
Purchased power advanced deposits.....	-	-	1,871,284	1,871,284	-
Total current assets.....	5,537,701	5,421,888	16,929,300	27,888,889	10,620,489
NONCURRENT:					
Restricted cash and cash equivalents.....	-	-	16,236,769	16,236,769	-
Capital assets, nondepreciable.....	500,721	-	2,408,016	2,908,737	-
Capital assets, net of accumulated depreciation.....	21,138,039	27,177,298	29,137,844	77,453,181	-
Total noncurrent assets.....	21,638,760	27,177,298	47,782,629	96,598,687	-
TOTAL ASSETS.....	27,176,461	32,599,186	64,711,929	124,487,576	10,620,489
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions.....	293,507	93,082	2,800,990	3,187,579	-
Deferred outflows related to other postemployment benefits.....	59,210	60,844	182,946	303,000	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	352,717	153,926	2,983,936	3,490,579	-
LIABILITIES					
CURRENT:					
Warrants payable.....	48,883	63,668	2,374,249	2,486,800	-
Accrued payroll.....	18,158	15,586	75,364	109,108	-
Health claims payable.....	-	-	-	-	1,000,000
Accrued interest.....	30,130	48,660	123,627	202,417	-
Customer deposits.....	-	-	189,833	189,833	-
Compensated absences.....	3,275	3,559	18,298	25,132	-
Bonds payable.....	712,671	790,385	1,464,938	2,967,994	-
Total current liabilities.....	813,117	921,858	4,246,309	5,981,284	1,000,000
NONCURRENT:					
Compensated absences.....	62,233	67,627	347,658	477,518	-
Net pension liability.....	1,407,255	789,261	7,141,161	9,337,677	-
Net other postemployment benefits liability.....	1,162,595	1,194,695	3,380,032	5,737,322	-
Bonds payable.....	4,273,070	4,909,412	15,348,882	24,531,364	-
Total noncurrent liabilities.....	6,905,153	6,960,995	26,217,733	40,083,881	-
TOTAL LIABILITIES.....	7,718,270	7,882,853	30,464,042	46,065,165	1,000,000
DEFERRED INFLOWS OF RESOURCES					
Contribution in aid of construction, net of amortization.....	-	-	1,088,158	1,088,158	-
Rate stabilization reserve.....	-	-	4,613,875	4,613,875	-
Deferred inflows related to pensions.....	59,969	103,651	403,660	567,280	-
Deferred inflows related to other postemployment benefits.....	194,216	199,579	917,677	1,311,472	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	254,185	303,230	7,023,370	7,580,785	-
NET POSITION					
Net investment in capital assets.....	17,767,465	23,226,453	21,025,433	62,019,351	-
Restricted for:					
Depreciation.....	-	-	9,743,300	9,743,300	-
Unrestricted.....	1,789,258	1,340,576	(560,280)	2,569,554	9,620,489
TOTAL NET POSITION.....	\$ 19,556,723	\$ 24,567,029	\$ 30,208,453	\$ 74,332,205	\$ 9,620,489

See notes to basic financial statements.

Town of Belmont, Massachusetts

**Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position**

Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light December 31, 2023	Total	
<u>OPERATING REVENUES:</u>					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 4,150,902
Employer contributions.....	-	-	-	-	14,184,502
Charges for services.....	6,756,900	9,456,642	29,119,805	45,333,347	-
Other.....	-	-	483,291	483,291	236,227
TOTAL OPERATING REVENUES	6,756,900	9,456,642	29,603,096	45,816,638	18,571,631
<u>OPERATING EXPENSES:</u>					
Cost of services and administration.....	5,585,750	7,758,167	23,501,955	36,845,872	-
Depreciation.....	530,871	585,135	1,602,360	2,718,366	-
Employee benefits.....	-	-	-	-	18,811,166
TOTAL OPERATING EXPENSES.....	6,116,621	8,343,302	25,104,315	39,564,238	18,811,166
OPERATING INCOME (LOSS).....	640,279	1,113,340	4,498,781	6,252,400	(239,535)
<u>NONOPERATING REVENUES (EXPENSES):</u>					
Investment income.....	229,973	211,779	1,202,683	1,644,435	574,349
Interest expense.....	(77,421)	(121,485)	(602,062)	(800,968)	-
Intergovernmental - other.....	-	-	39,690	39,690	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	152,552	90,294	640,311	883,157	574,349
INCOME BEFORE TRANSFERS.....	792,831	1,203,634	5,139,092	7,135,557	334,814
<u>TRANSFERS:</u>					
Transfers out.....	-	-	(450,000)	(450,000)	-
CHANGE IN NET POSITION.....	792,831	1,203,634	4,689,092	6,685,557	334,814
NET POSITION AT BEGINNING OF YEAR.....	18,763,892	23,363,395	25,519,361	67,646,648	9,285,675
NET POSITION AT END OF YEAR.....	\$ 19,556,723	\$ 24,567,029	\$ 30,208,453	\$ 74,332,205	\$ 9,620,489

See notes to basic financial statements.

Town of Belmont, Massachusetts

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light December 31, 2023	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 6,523,117	\$ 9,083,528	\$ 32,452,868	\$ 48,059,513	\$ 4,150,902
Receipts from interfund services provided.....	-	-	-	-	14,420,729
Payments to vendors.....	(4,936,139)	(6,479,116)	(19,765,393)	(31,180,648)	-
Payments to employees.....	(1,493,587)	(1,318,947)	(3,868,229)	(6,680,763)	-
Payments for benefits.....	-	-	(1,827,297)	(1,827,297)	-
Payments for interfund services used.....	-	-	-	-	(18,824,166)
NET CASH FROM (USED IN) OPERATING ACTIVITIES.....	93,391	1,285,465	6,991,949	8,370,805	(252,535)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payment in lieu of taxes.....	-	-	(450,000)	(450,000)	-
Grant revenue.....	-	-	39,690	39,690	-
NET CASH FROM (USED IN) NONCAPITAL FINANCING ACTIVITIES.....	-	-	(410,310)	(410,310)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds.....	500,000	-	-	500,000	-
Acquisition and construction of capital assets.....	(668,812)	(888,010)	(4,526,733)	(6,083,555)	-
Principal payments on bonds and notes.....	(702,700)	(783,637)	(1,310,000)	(2,796,337)	-
Contribution in aid of construction.....	-	-	30,004	30,004	-
Interest expense.....	(91,788)	(127,777)	(613,825)	(833,390)	-
NET CASH FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(963,300)	(1,799,424)	(6,420,554)	(9,183,278)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Net transfers to Rate Stabilization fund.....	-	-	(1,500,000)	(1,500,000)	-
Net transfers from Depreciation fund.....	-	-	613,825	613,825	-
Investment income (loss).....	229,973	211,779	460,337	902,089	574,349
NET CASH FROM (USED IN) INVESTING ACTIVITIES.....	229,973	211,779	(425,838)	15,914	574,349
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(639,936)	(302,180)	(264,753)	(1,206,869)	321,814
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	4,311,060	3,673,073	28,157,352	36,141,485	8,932,675
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 3,671,124	\$ 3,370,893	\$ 27,892,599	\$ 34,934,616	\$ 9,254,489
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 640,279	\$ 1,113,340	\$ 4,498,781	\$ 6,252,400	\$ (239,535)
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	530,871	585,135	1,639,868	2,755,874	-
Deferred (outflows)/inflows related to pensions.....	(108,847)	87,151	(323,211)	(344,907)	-
Deferred (outflows)/inflows related to other postemployment benefits.....	(25,856)	(26,568)	(21,881)	(74,305)	-
Deferred (outflows)/inflows related to rate stabilization reserve.....	-	-	1,634,961	1,634,961	-
Changes in assets and liabilities:					
Amortization of contribution in aid of construction.....	-	-	(37,508)	(37,508)	-
Allowance for doubtful accounts.....	-	-	(21,697)	(21,697)	-
Liens - user charges.....	(3,439)	406	-	(3,033)	-
User charges.....	(230,344)	(373,520)	(331,153)	(935,017)	-
Inventory.....	3,189	(3,411)	(334,730)	(334,952)	-
Purchased power advanced deposits.....	-	-	(59,555)	(59,555)	-
Rate stabilization and similar.....	-	-	1,532,612	1,532,612	-
Warrants payable.....	(662,299)	55,323	(991,903)	(1,598,879)	-
Accrued payroll.....	152	2,827	(64,466)	(61,487)	-
Health claims payable.....	-	-	-	-	206,000
Customer deposits.....	-	-	26,772	26,772	-
Prepaid expenses.....	-	-	(16,204)	(16,204)	(219,000)
Compensated absences.....	(8,887)	(12,754)	27,298	5,657	-
Net pension liability.....	(75,996)	(177,986)	-	(253,982)	-
Net other postemployment benefits liability.....	34,568	35,522	(166,035)	(95,945)	-
Total adjustments.....	(546,888)	172,125	2,493,168	2,118,405	(13,000)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 93,391	\$ 1,285,465	\$ 6,991,949	\$ 8,370,805	\$ (252,535)

See notes to basic financial statements.

Town of Belmont, Massachusetts

**Fiduciary Funds
Statement of Fiduciary Net Position**

June 30, 2024

	<u>Pension and Other Postemployment Benefit Trust Funds (1)</u>	<u>Private Purpose Trust Fund</u>
ASSETS		
Cash and cash equivalents.....	\$ 2,178,766	\$ 429,874
Investments:		
Certificates of deposit.....	-	87,689
Investments in Pension Reserve Investment Trust.....	54,413,284	-
U.S. Treasuries.....	2,282,256	365,061
Government sponsored enterprises.....	401,030	-
Equity securities.....	16,526,951	367,576
Equity mutual funds.....	30,180,146	38,049
Fixed income mutual funds.....	24,767,500	-
Real estate and alternative investments.....	38,278,797	-
Receivables, net of allowance for uncollectibles:		
Intergovernmental.....	5,219,707	-
Interest and dividends.....	1,833	-
	<u>174,250,270</u>	<u>1,288,249</u>
TOTAL ASSETS.....	<u>174,250,270</u>	<u>1,288,249</u>
NET POSITION		
Restricted for pensions.....	165,162,764	-
Restricted for other postemployment benefits.....	9,087,506	-
Restricted for other purposes.....	-	1,288,249
	<u>174,250,270</u>	<u>1,288,249</u>
TOTAL NET POSITION.....	<u>174,250,270</u>	<u>1,288,249</u>

(1) The Pension Trust Fund is as of December 31, 2023.

See notes to basic financial statements.

Town of Belmont, Massachusetts

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	Pension and Other Postemployment Benefit Trust Funds (1)	Private Purpose Trust Fund
<u>ADDITIONS:</u>		
Contributions:		
Employer contributions.....	\$ 12,358,198	\$ -
Employer contributions for other postemployment benefit payments.....	4,368,118	-
Member contributions.....	3,387,081	-
Retirement benefits - transfers from other systems.....	251,111	-
Retirement benefits - 3(8)c contributions from other systems.....	398,155	-
Retirement benefits - workers compensation settlements.....	16,000	-
Private donations.....	-	94,461
Intergovernmental.....	189,034	-
	<u>20,967,697</u>	<u>94,461</u>
Net investment income:		
Investment income.....	16,769,330	52,275
Less: investment expense.....	(938,045)	-
	<u>15,831,285</u>	<u>52,275</u>
Net investment income.....	15,831,285	52,275
	<u>36,798,982</u>	<u>146,736</u>
<u>DEDUCTIONS:</u>		
Administration.....	504,097	-
Retirement benefits - transfers to other systems.....	868,799	-
Retirement benefits and refunds.....	14,167,143	-
Other postemployment benefit payments.....	4,368,118	-
Educational scholarships.....	-	76,450
	<u>19,908,157</u>	<u>76,450</u>
TOTAL DEDUCTIONS.....	19,908,157	76,450
NET INCREASE IN NET POSITION.....	16,890,825	70,286
NET POSITION AT BEGINNING OF YEAR.....	<u>157,359,445</u>	<u>1,217,963</u>
NET POSITION AT END OF YEAR.....	<u>\$ 174,250,270</u>	<u>\$ 1,288,249</u>

(1) The Pension Trust Fund is as of December 31, 2023.

See notes to basic financial statements.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Belmont, Massachusetts 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 significant Town accounting policies are described herein.

A. Reporting Entity

The Town of Belmont, Massachusetts (Town) is a municipal corporation that is governed by a Town-wide elected three member Select Board with staggered three-year terms. The Select Board manages the general direction and affairs of the Town in all matters not otherwise provided by federal, state or local laws and regulations. They are assisted by a Town Administrator who is responsible for general supervision over certain general government operating departments and provides coordination with other Town-wide elected positions (e.g. including, but not limited to the Town Clerk and the School Committee) and all other Officials, Boards, Commissions, and Committees. One principal duty of the Administrator and Town Management is Town-wide coordination of the annual fiscal budget. The legislative body of the Town is a representative Town Meeting which consists of 288 precinct elected members with staggered three-year terms in addition to certain ex-officio members. Town Meeting assembles annually to legislate policy and budgets for the local government.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a fiduciary fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

In the Fiduciary Funds:

- (1) The Belmont Contributory Retirement System (System) was established to provide retirement benefits to Town employees, Belmont Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the Town Accountant (ex-officio), two members elected by the System's participants, one member appointed by the Select Board and one member appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

The System issues a publicly available audited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 90 Concord Ave, 3rd Floor, Suite 3, Belmont, MA 02478.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are 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. Non-major funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

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

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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 regardless of the timing of the related cash flows. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- 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. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

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

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *skating rink construction fund* accounts for activity related to the construction of the municipal skating rink.

The *library construction fund* accounts for activity related to the construction of the municipal library.

The nonmajor governmental funds consist of other special revenue, capital project, 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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 regardless of the timing of the related cash flows.

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 principle ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

The following major proprietary funds are reported:

The *water enterprise fund* is used to account for the water activities.

The *sewer enterprise fund* is used to account for the sewer activities.

The *electric light enterprise fund* is used to account for the electric light department activities.

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 the self-insured employee health program.

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

The following fiduciary fund types are reported:

The *pension trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

The *other postemployment benefit trust fund* is a fund established under special legislation to accumulate resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allow the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, mutual funds and certain U.S. government obligations 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 U.S. government obligations and 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.

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. For more information on the fair value of the Town's financial instruments, see Note 2 for further details.

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

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Real estate tax liens are processed during the year on delinquent properties and are recorded as receivables in the year they are processed.

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

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

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the 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 quarterly 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 every year and included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the year of the levy.

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

Departmental and Other

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

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded 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.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Sale of Electricity

Revenues from the sale of electricity are recorded on the basis of bills rendered from monthly readings taken on a cycle basis. The revenues are based on rates established by Belmont Light which are applied to customers' consumption of electricity.

Belmont's rates contain an adjustable component pursuant to which increased power costs (power costs in excess of amounts recovered through base rates) are billable to customers.

The allowance for uncollectibles is estimated based on a history of past write-offs and collections and current credit conditions.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase in the fund financial statements. Such inventories are capitalized in the government-wide financial statements and carried at cost. Inventories of the light fund are carried at average cost.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, construction in progress, land improvements, buildings, machinery and equipment, vehicles and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements and in 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, donated works of art, historical treasures and similar assets, and capital assets received in service concession arrangements are recorded at acquisition value.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

Management reviews capital assets annually to determine if any assets are impaired. No impairment losses were recognized in fiscal year 2024.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Buildings.....	40-50
Machinery and equipment.....	5-20
Vehicles.....	5-15
Infrastructure.....	15-100

The fixed assets of the municipal light enterprise fund are capitalized upon purchase and depreciated at 3% of the cost of plant in service at the beginning of the calendar year, exclusive of land and land rights. The municipal light enterprise fund charges maintenance to expense when incurred. Replacements and betterments are charged to fixed assets.

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund 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

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has reported taxes paid in advance and unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the availability criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Unavailable revenue is recognized as revenue in the conversion to the entity-wide (full accrual) financial statements.

K. Interfund Receivables and Payables

During the course of 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.

L. Interfund Transfers

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

Government-Wide Financial Statements

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”.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Fund Financial Statements

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

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net position)

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Depreciation” – represents amounts restricted in the Electric Light Fund for the statutory reserve for funded depreciation.

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings that support governmental programs.

“Permanent funds – nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Gifts and Grants” represents restrictions placed on assets from outside parties.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town meeting is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. The Select Board has by resolution authorized the Town Accountant to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. An additional action does not normally have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Sometimes the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

N. 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 both the Belmont Contributory Retirement System and the Massachusetts Teachers’ Retirement System and additions to/deductions from the Systems’ 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.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

P. Investment Income

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

Investment income from proprietary funds, trust funds, and internal service funds is retained within the respective fund.

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred. Sick leave though accrued is expensed as incurred. There is no obligation to pay for sick time upon termination of employment.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

R. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. 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 the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits, and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

MMDT, which is an external investment pool that is overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by GASB 79, "Certain External Investment Pools and Pool Participants", to report its investments at amortized cost; therefore, investments in MMDT are reported at amortized cost which approximates the net asset value of \$1.00 per share. MMDT has a maturity of less than 1 year and is not rated.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a formal policy for custodial credit risk, however the Treasurer periodically reviews the Veribanc ratings and overall performance of each financial institution. At year-end, the carrying amount of deposits totaled \$95,684,462 and the bank balance totaled \$98,960,902. Of the bank balance, \$2,500,000 was covered by Federal Depository Insurance, \$6,614,382 was covered by the Depositor’s Insurance Fund, \$58,420,208 was covered by an Insured Cash Sweep, \$27,907,883 was collateralized, and \$3,518,429 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2023, the carrying amount of the Retirement System’s deposits totaled \$2,131,057 and the bank balance totaled \$2,198,138. The bank balance was fully insured by Federal Depository Insurance.

Investments

As of June 30, 2024, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>		<u>Quality Rating</u>
		<u>Under 1 Year</u>	<u>1-5 Years</u>	
<u>Debt securities:</u>				
U.S. treasury bonds.....	\$ 17,072,928	\$ 17,072,928	\$ -	AAA
Government sponsored enterprises.....	401,030	-	401,030	AA+
Total debt securities.....	17,473,958	\$ <u>17,072,928</u>	\$ <u>401,030</u>	
<u>Other investments:</u>				
Equity securities.....	12,685,713			
Equity mutual funds.....	3,116,837			
Negotiable Certificates of Deposit.....	2,131,311			
MMDT - Cash portfolio.....	<u>22,992,802</u>			
Total investments.....	\$ <u>58,400,621</u>			

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

As of December 31, 2023, the Retirement System had the following investments and maturities:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>	<u>Quality Rating</u>
		<u>6-10 Years</u>	
<u>Debt securities:</u>			
Loomis Sayles Multisector Fund.....	\$ 12,018,145	\$ 12,018,145	BBB
Carillon Reams Core Plus Bond Fund.....	<u>12,749,355</u>	<u>12,749,355</u>	AA
Total debt securities.....	24,767,500	\$ <u><u>24,767,500</u></u>	
<u>Other investments:</u>			
AEW Core Property Trust.....	4,260,629		
Equity securities.....	10,170,440		
PIMCO All Asset Fund.....	13,977,109		
Equity Commingled Funds.....	30,180,146		
Private Equity.....	20,041,059		
PRIT Hedge Fund Account.....	8,594,732		
PRIT Real Estate Fund.....	11,001,621		
PRIT International Equity Fund.....	21,377,937		
PRIT Emerging Markets.....	9,696,163		
PRIT Fund.....	<u>3,742,831</u>		
Total investments.....	\$ <u><u>157,810,167</u></u>		

Custodial Credit Risk – Investments

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. Investments in external investment pools and in open-end mutual funds 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’s investments in U.S. Treasury bonds, government sponsored enterprises and equity securities have custodial credit risk exposure of \$30,159,671 because the related securities are uninsured, unregistered and held by the counterparty.

The Town’s investment policy states that before conducting any business with a brokerage house, the Town must obtain a copy of their latest audited financial statement, proof of National Association of Security Dealers certification and proof of credit worthiness, which the Town defines as at least five years in operation and minimum capital of \$10 million.

The Retirement System has custodial credit risk exposure of \$10,170,440 because the related equity securities are uninsured, unregistered and held by the counterparty. The Retirement System limits its custodial credit risk by utilizing an institutional custodial bank, currently M&T Bank. Assets held in commingled fund accounts are also held in a similar fashion, with individual fund securities held in the

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

fund's name at their custodian bank. A small percentage of the Retirement System's assets (typically less than 5%) may be held from time to time in commingled cash equivalent vehicles where the assets are subject to counterparty risk.

Interest Rate Risk

The Town's investment policy states that safety of principal is the foremost objective, followed by liquidity and then yield. Investments shall be made to achieve the best rate of return, considering safety and liquidity constraints, as well as legal requirements while not explicitly limiting the maturities of allowable investments.

The Retirement System's fixed income assets are held in professionally managed, institutional commingled funds. The Retirement System limits its effective exposure to interest rate risk by benchmarking its commingled fixed income investment accounts to an intermediate duration benchmark (LB Aggregate) with a duration of 4-5 years. Further, the Retirement System's current fixed income investments are diversified by sector (corporate, government, asset-backed, mortgage, non-US dollar) to provide additional protection in various interest rate environments.

The Town invests in the MMDT cash portfolio, which had a weighted average maturity of 43 days as of June 30, 2024.

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 2.98 to 14.57 years.

Credit Risk

The Town's investment policy seeks to minimize credit risk associated with certain types of investments through diversification and prudent selection of investments in line with MGL CH 44 Sec. 55B.

The Retirement System has a policy that states no more than 20% of the fixed income assets may be invested in below investment grade securities (rated BBB by Standard & Poor's) and the average duration of the fixed income portfolio cannot be more than 20% higher than the market as measured by the Barclay's Capital Aggregate Bond Index.

Concentration of Credit Risk

The Town places a limit of 10% on the amount that may be invested in any one issuer. The Town does not have more than 10% of its investments with any one issuer as of June 30, 2024. For the Retirement System, no fixed income security, except issues of the U. S. Government, can comprise more than 5% of the Retirement System's assets, measured at market; and no individual portfolio can hold more than 5% of its assets in securities of any single entity, except issues of the U. S. Government, mutual funds, external investments pools or other pooled funds. Further, no equity security can comprise more than 5% of the equity portfolio measured at book value. The Retirement System does not maintain individual investments that exceed 5% of the System's total investments.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Foreign Currency Risk

The Retirement System's exposure to foreign currency risk is attributable to its investments in individual commingled mutual funds and trusts that are invested in diversified (by country and security) portfolios on international stocks and bonds that are denominated in foreign currencies. The Retirement System's combined policy target allocation to all non-U.S. securities is currently 15% of the System's total assets (12% international equities and 3% international bonds).

Fair Value of Investments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. 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 major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements as of June 30, 2024:

Investment Type	June 30, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury bonds.....	\$ 17,072,928	\$ -	\$ 17,072,928	\$ -
Government sponsored enterprises.....	401,030	-	401,030	-
Total debt securities.....	17,473,958	-	17,473,958	-
<u>Other investments:</u>				
Equity securities.....	12,685,713	12,685,713	-	-
Equity mutual funds.....	3,116,837	3,116,837	-	-
Negotiable Certificates of Deposit.....	2,131,311	2,131,311	-	-
Total other investments.....	17,933,861	17,933,861	-	-
Total investments measured at fair value.....	35,407,819	\$ 17,933,861	\$ 17,473,958	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	22,992,802			
Total investments.....	\$ 58,400,621			

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Equity securities, equity mutual funds and negotiable certificates of deposit classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. U.S. Treasury bonds and government sponsored enterprises 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 their relationship to benchmark quoted prices.

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.

The Retirement System holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the Retirement System's activities, it shows greater disaggregation in its disclosures. The Retirement System chooses a tabular format for disclosing the levels within the fair value hierarchy. The Retirement System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The Retirement System has the following recurring fair value measurements as of December 31, 2023:

Investment Type	December 31, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
Loomis Sayles Multisector Bond Fund.....	\$ 12,018,145	\$ 12,018,145	\$ -	\$ -
Carillon Reams Core Plus Bond Fund.....	12,749,355	12,749,355	-	-
Total debt securities.....	24,767,500	24,767,500	-	-
<u>Other investments:</u>				
Equity securities.....	10,170,440	10,170,440	-	-
PIMCO All Asset Fund.....	13,977,109	13,977,109	-	-
Equity commingled funds.....	30,180,146	30,180,146	-	-
Private equity.....	20,041,059	-	-	20,041,059
AEW Core Property Trust.....	4,260,629	-	-	4,260,629
Total other investments.....	78,629,383	54,327,695	-	24,301,688
Total investments measured at fair value.....	103,396,883	\$ 79,095,195	\$ -	\$ 24,301,688
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	54,413,284			
Total investments.....	\$ 157,810,167			

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Bond mutual funds, equity securities, PIMCO all asset fund, and equity commingled funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Real estate property trusts and private equity investments classified in Level 3 are valued using either a discounted cash flow or market comparable companies' technique.

PRIT Investments are valued using the net asset value (NAV) method as a practical expedient. The practical expedient is not used when the investment would be expected to sell at a value different than the NAV. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2024, for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,472,792	\$ (4,045)	\$ 1,468,747
Tax liens.....	1,274,359	-	1,274,359
Motor vehicle and other excise taxes.....	586,071	(340,045)	246,026
Departmental and other.....	605,091	-	605,091
Intergovernmental.....	1,162,447	-	1,162,447
Community preservation state share.....	255,000	-	255,000
	<u>\$ 5,355,760</u>	<u>\$ (344,090)</u>	<u>\$ 5,011,670</u>
Total.....	\$ <u>5,355,760</u>	\$ <u>(344,090)</u>	\$ <u>5,011,670</u>

Receivables for the enterprise funds as of June 30, 2024, consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 21,855	\$ -	\$ 21,855
Water user charges.....	1,521,010	-	1,521,010
Sewer liens - user charges.....	26,540	-	26,540
Sewer user charges.....	1,998,346	-	1,998,346
Electric light user charges.....	2,239,120	(198,766)	2,040,354
	<u>\$ 5,806,871</u>	<u>\$ (198,766)</u>	<u>\$ 5,608,105</u>
Total.....	\$ <u>5,806,871</u>	\$ <u>(198,766)</u>	\$ <u>5,608,105</u>

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of unavailable revenue reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,029,637	\$ 13,194	\$ 1,042,831
Tax liens.....	1,274,359	-	1,274,359
Motor vehicle and other excise taxes.....	246,026	-	246,026
Departmental and other.....	424,406	180,685	605,091
Intergovernmental.....	-	694,318	694,318
Community preservation state share.....	-	255,000	255,000
Total.....	<u>\$ 2,974,428</u>	<u>\$ 1,143,197</u>	<u>\$ 4,117,625</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 16,221,456	\$ -	\$ -	\$ 16,221,456
Construction in progress.....	157,071	11,150,093	(67,171)	11,239,993
Total capital assets not being depreciated.....	<u>16,378,527</u>	<u>11,150,093</u>	<u>(67,171)</u>	<u>27,461,449</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	18,518,638	1,426,499	-	19,945,137
Buildings.....	442,926,253	12,301,537	-	455,227,790
Machinery and equipment.....	17,944,028	67,418	-	18,011,446
Vehicles.....	9,449,723	126,135	-	9,575,858
Infrastructure.....	56,088,881	2,079,460	-	58,168,341
Total capital assets being depreciated.....	<u>544,927,523</u>	<u>16,001,049</u>	<u>-</u>	<u>560,928,572</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(7,352,790)	(735,296)	-	(8,088,086)
Buildings.....	(66,268,533)	(9,072,090)	-	(75,340,623)
Machinery and equipment.....	(16,428,486)	(315,837)	-	(16,744,323)
Vehicles.....	(6,705,093)	(370,066)	-	(7,075,159)
Infrastructure.....	(19,455,898)	(1,139,335)	-	(20,595,233)
Total accumulated depreciation.....	<u>(116,210,800)</u>	<u>(11,632,624)</u>	<u>-</u>	<u>(127,843,424)</u>
Total capital assets being depreciated, net.....	<u>428,716,723</u>	<u>4,368,425</u>	<u>-</u>	<u>433,085,148</u>
Total governmental activities capital assets, net.....	<u>\$ 445,095,250</u>	<u>\$ 15,518,518</u>	<u>\$ (67,171)</u>	<u>\$ 460,546,597</u>

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 3,138	\$ -	\$ -	\$ 3,138
Construction in progress.....	530,018	497,583	(530,018)	497,583
Total capital assets not being depreciated.....	533,156	497,583	(530,018)	500,721
<u>Capital assets being depreciated:</u>				
Buildings.....	846,856	-	-	846,856
Machinery and equipment.....	2,806,773	595,000	-	3,401,773
Vehicles.....	1,563,909	-	-	1,563,909
Infrastructure.....	41,104,367	106,247	-	41,210,614
Total capital assets being depreciated.....	46,321,905	701,247	-	47,023,152
<u>Less accumulated depreciation for:</u>				
Buildings.....	(264,627)	(9,053)	-	(273,680)
Machinery and equipment.....	(2,697,533)	(164,972)	-	(2,862,505)
Vehicles.....	(1,114,102)	(86,877)	-	(1,200,979)
Infrastructure.....	(21,277,980)	(269,969)	-	(21,547,949)
Total accumulated depreciation.....	(25,354,242)	(530,871)	-	(25,885,113)
Total capital assets being depreciated, net.....	20,967,663	170,376	-	21,138,039
Total water activities capital assets, net.....	\$ 21,500,819	\$ 667,959	\$ (530,018)	\$ 21,638,760
	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 2,672,604	\$ -	\$ -	\$ 2,672,604
Vehicles.....	1,687,740	142,521	-	1,830,261
Infrastructure.....	32,986,905	745,489	-	33,732,394
Total capital assets being depreciated.....	37,347,249	888,010	-	38,235,259
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(2,130,550)	(198,088)	-	(2,328,638)
Vehicles.....	(1,636,924)	(36,593)	-	(1,673,517)
Infrastructure.....	(6,705,352)	(350,454)	-	(7,055,806)
Total accumulated depreciation.....	(10,472,826)	(585,135)	-	(11,057,961)
Total sewer activities capital assets, net.....	\$ 26,874,423	\$ 302,875	\$ -	\$ 27,177,298

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

	Beginning Balance	Increases	Decreases	Ending Balance
Municipal Light:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,586,597	\$ -	\$ -	\$ 1,586,597
Construction in progress.....	184,853	3,269,305	(2,632,739)	821,419
Total capital assets not being depreciated.....	1,771,450	3,269,305	(2,632,739)	2,408,016
<u>Capital assets being depreciated:</u>				
Distribution Plant.....	44,654,563	3,350,906	(389,074)	47,616,395
General Plant.....	10,007,713	539,261	(78,228)	10,468,746
Total capital assets being depreciated.....	54,662,276	3,890,167	(467,302)	58,085,141
<u>Less accumulated depreciation for:</u>				
Distribution Plant.....	(19,944,173)	(1,339,637)	389,074	(20,894,736)
General Plant.....	(7,830,558)	(300,231)	78,228	(8,052,561)
Total accumulated depreciation.....	(27,774,731)	(1,639,868)	467,302	(28,947,297)
Total capital assets being depreciated, net.....	26,887,545	2,250,299	-	29,137,844
Total municipal light activities capital assets, net.....	\$ 28,658,995	\$ 5,519,604	\$ (2,632,739)	\$ 31,545,860

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

Governmental Activities:

General government.....	\$ 946,632
Public safety.....	960,499
Education.....	8,189,142
Public works.....	1,009,855
Health and human services.....	23,236
Culture and recreation.....	503,260

Total depreciation expense - governmental activities.... \$ 11,632,624

Business-Type Activities:

Water.....	\$ 530,871
Sewer.....	585,135
Municipal Light.....	1,639,868

Total depreciation expense - business-type activities.... \$ 2,755,874

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The Town’s interfund receivables and payables totaled \$2,082,814 as of June 30, 2024, and consisted of amounts due to the general fund from the Chapter 90 and high school construction nonmajor governmental funds. The outstanding balances resulted from timing differences between when reimbursable expenditures were incurred and when reimbursements were received.

Interfund transfers for the year ended June 30, 2024, are summarized as follows:

	Transfers In:					
Transfers Out:	General fund	Skating Rink Construction fund	Library Construction fund	Nonmajor governmental funds	Total	
General fund.....	\$ -	\$ 1,500,000	\$ 850,000	\$ 3,581,816	\$ 5,931,816	(1)
Nonmajor governmental funds.....	235,667	-	-	1,487,335	1,723,002	(2)
Light Enterprise fund.....	450,000	-	-	-	450,000	(3)
Total.....	\$ 685,667	\$ 1,500,000	\$ 850,000	\$ 5,069,151	\$ 8,104,818	

- (1) Represents budgeted transfers to fund various capital projects and the special education reserve.
- (2) Represents budgeted transfers from receipts reserved for appropriation to fund the operating budget, transfers from nonmajor capital project and grant funds to the general fund, and transfers to reallocate resources between nonmajor funds.
- (3) Represents budgeted payments in lieu of taxes from the light enterprise fund.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Details related to the Town’s short-term debt activity for the year ended June 30, 2024, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2023	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2024
Governmental Funds:							
BAN	High School.....	4.50%	11/14/24	\$ -	\$ 5,200,000	\$ (3,130,000)	\$ 2,070,000 (1)
BAN	Public Library.....	4.50%	11/14/24	-	8,220,000	(8,220,000)	- (1)
BAN	Rink and Sports Facility.....	4.50%	11/14/24	-	22,260,000	(22,260,000)	- (1)
Total Governmental Funds.....				\$ -	\$ 35,680,000	\$ (33,610,000)	\$ 2,070,000

(1) On September 26, 2024, \$33,610,000 of outstanding BANs were retired with bond proceeds totaling \$33,470,900 and bond premiums totaling \$139,100. These bond proceeds and premiums have been recognized in the Town’s financial statements and are reported as long-term debt as of June 30, 2024. On September 27, 2024, the remaining BANs were retired from the issuance of new BANs with an interest rate of 4.00% and maturity date of September 26, 2025.

NOTE 7 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2024, and the debt service requirements are presented on the following pages.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
General Obligation Bonds Payable:				
Town Center.....	2025	\$ 1,450,000	3.00	\$ 145,000
Underwood Pool.....	2030	2,790,000	2.00-3.00	1,110,000
Fire Station.....	2026	979,900	2.00-3.00	189,900
Land.....	2025	350,150	3.00	35,000
Public Safety Radio Equipment.....	2026	1,086,000	2.00-4.00	200,000
Modular Classrooms.....	2028	2,426,000	3.00-5.00	1,106,000
High School.....	2049	94,428,000	3.00-5.00	85,395,000
DPW/ Police Station.....	2049	6,988,000	3.00-5.00	6,320,000
2019 Debt Refunding.....	2035	19,650,000	3.00-4.00	14,165,000
High School.....	2050	93,927,500	2.00-5.00	86,460,000
DPW Building & Police Station.....	2050	3,287,500	2.00-5.00	3,025,000
High School.....	2052	12,765,000	3.75-5.00	12,325,000
High School.....	2054	2,990,900	3.88-5.00	2,990,900
Public Library.....	2055	8,220,000	3.88-5.00	8,220,000
Rink and Sports Facility.....	2055	22,260,000	3.88-5.00	22,260,000
Total Bonds Payable.....				243,946,800
Add: Unamortized premium on bonds.....				10,613,905
Total Governmental Bonds Payable, net.....				\$ 254,560,705

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

Year	Principal	Interest	Total
2025.....	\$ 6,615,000	\$ 7,167,803	\$ 13,782,803
2026.....	6,722,800	8,950,698	15,673,498
2027.....	7,237,800	7,952,307	15,190,107
2028.....	7,573,200	7,602,307	15,175,507
2029.....	7,626,500	7,249,185	14,875,685
2030.....	7,970,200	6,908,289	14,878,489
2031.....	8,129,600	6,551,792	14,681,392
2032.....	8,474,500	6,212,913	14,687,413
2033.....	8,829,500	5,859,811	14,689,311
2034.....	9,160,800	5,557,828	14,718,628
2035.....	9,426,400	5,293,308	14,719,708
2036.....	8,137,000	5,019,828	13,156,828
2037.....	8,367,600	4,784,687	13,152,287
2038.....	8,625,100	4,533,439	13,158,539
2039.....	8,867,000	4,276,677	13,143,677
2040 - 2043.....	38,247,200	14,289,020	52,536,220
2044 - 2047.....	43,589,900	8,860,781	52,450,681
2048 - 2051.....	33,458,000	3,007,621	36,465,621
2052 - 2055.....	6,888,700	453,148	7,341,848
Total.....	\$ 243,946,800	\$ 120,531,442	\$ 364,478,242

Town of Belmont, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
General Obligation Bonds Payable:				
General Obligation Bonds of 2015.....	2034	\$ 482,000	2.75- 4.00	\$ 230,000
General Obligation Bonds of 2016.....	2035	269,602	2.00-3.25	130,000
General Obligation Bonds of 2018.....	2038	2,054,000	3.00-5.00	1,419,000
General Obligation Bonds of 2019.....	2029	614,000	4.00-5.00	<u>300,000</u>
Subtotal General Obligation Water Bonds.....				<u>2,079,000</u>
Direct Borrowings Payable				
MWRA Water.....	2025	500,000	0	50,000
MWRA Water.....	2026	500,000	0	100,000
MWRA Water.....	2028	477,000	0	190,800
MWRA Water.....	2029	1,000,000	0	500,000
MWRA Water.....	2030	50,000	0	300,000
MWRA Water.....	2031	500,000	0	350,000
MWRA Water.....	2032	500,000	0	400,000
MWRA Water.....	2033	500,000	0	450,000
MWRA Water.....	2034	500,000	0	<u>500,000</u>
Subtotal Direct Borrowing Water Bonds.....				<u>2,840,800</u>
Add: Unamortized premium on bonds.....				<u>65,941</u>
Total Water Bonds Payable.....				<u>4,985,741</u>
General Obligation Bonds Payable:				
2016 Debt Refunding.....	2027	1,259,950	2.00-3.00	<u>330,100</u>
Direct Borrowings Payable				
MCWT Sewer.....	2031	7,226,667	2.00	2,863,712
MCWT Sewer.....	2033	1,579,600	2.00	795,158
MCWT Sewer.....	2035	2,300,000	2.00	1,386,057
MWRA Sewer.....	2025	245,850	0.00	49,170
MWRA Sewer.....	2030	212,000	0.00	127,200
MWRA Sewer.....	2031	212,000	0.00	<u>148,400</u>
Subtotal Direct Borrowing Sewer Bonds.....				<u>5,369,697</u>
Total Sewer Bonds Payable.....				<u>5,699,797</u>
Light Plant Construction.....	2032	14,000,000	2.75-5.00	8,165,000
Light Plant Construction.....	2034	12,100,000	2.75-5.00	<u>7,740,000</u>
Subtotal light bonds.....				15,905,000
Add: Unamortized premium on bonds.....				<u>908,820</u>
Total Light Bonds Payable.....				<u>16,813,820</u>
Total Enterprise Bonds Payable, net.....				<u>\$ 27,499,358</u>

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

Year	General Obligation Bonds			Direct Borrowings Payable		
	Principal	Interest	Total	Principal	Interest	Total
2025.....	\$ 1,690,000	\$ 637,243	\$ 2,327,243	\$ 1,168,085	\$ 96,240	\$ 1,264,325
2026.....	1,750,100	570,343	2,320,443	1,080,904	84,568	1,165,472
2027.....	1,775,000	517,285	2,292,285	1,043,144	72,654	1,115,798
2028.....	1,724,000	453,137	2,177,137	1,055,635	60,493	1,116,128
2029.....	1,775,000	390,963	2,165,963	1,020,688	48,082	1,068,770
2030.....	1,760,000	326,063	2,086,063	933,703	35,412	969,115
2031.....	1,815,000	253,413	2,068,413	875,791	22,482	898,273
2032.....	1,885,000	180,287	2,065,287	375,331	13,709	389,040
2033.....	1,955,000	112,351	2,067,351	330,229	9,183	339,412
2034.....	935,000	82,875	1,017,875	187,005	5,540	192,545
2035.....	950,000	46,551	996,551	139,982	2,800	142,782
2036.....	100,000	9,625	109,625	-	-	-
2037.....	100,000	6,500	106,500	-	-	-
2038.....	100,000	3,250	103,250	-	-	-
Total.....	\$ 18,314,100	\$ 3,589,886	\$ 21,903,986	\$ 8,210,497	\$ 451,163	\$ 8,661,660

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit.

At June 30, 2024, the Town had the following authorized and unissued debt:

Purpose	Amount
Belmont High School.....	\$ 2,800,932
Water Main.....	352,000
Fire Pumper Truck.....	785,000
Belmont Public Library.....	26,280,000
Belmont Rink and Sports Facility.....	6,393,032
Sewer Drain System Improvements.....	260,000
Total.....	\$ 36,870,964

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Changes in Long-Term Liabilities

During the year ended June 30, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 217,505,900	\$ 33,470,900	\$ (7,030,000)	\$ -	\$ -	\$ 243,946,800	\$ 6,615,000
Add: Unamortized premium on bonds.....	11,617,992	-	-	333,556	(1,337,643)	10,613,905	962,087
Total bonds payable.....	229,123,892	33,470,900	(7,030,000)	333,556	(1,337,643)	254,560,705	7,577,087
Landfill closure.....	6,503,000	-	-	355,000	(65,000)	6,793,000	68,000
Compensated absences.....	1,935,051	-	-	149,542	(96,753)	1,987,840	99,392
Net pension liability.....	56,627,132	-	-	3,147,560	(9,885,431)	49,889,261	-
Net other postemployment benefits liability...	96,793,470	-	-	7,789,051	(4,822,862)	99,759,659	-
Total governmental activity long-term liabilities.....	\$ 390,982,545	\$ 33,470,900	\$ (7,030,000)	\$ 11,774,709	\$ (16,207,689)	\$ 412,990,465	\$ 7,744,479
Business-Type Activities:							
Long-term bonds payable.....	\$ 28,820,934	\$ 500,000	\$ (2,796,337)	\$ -	\$ -	\$ 26,524,597	\$ 2,858,085
Add: Unamortized premium on bonds.....	1,085,612	-	-	-	(110,851)	974,761	109,909
Total bonds payable.....	29,906,546	500,000	(2,796,337)	-	(110,851)	27,499,358	2,967,994
Compensated absences.....	496,993	-	-	30,507	(24,850)	502,650	25,132
Net pension liability.....	7,560,058	-	-	2,212,853	(435,234)	9,337,677	-
Net other postemployment benefits liability...	5,706,184	-	-	145,100	(113,962)	5,737,322	-
Total business-type activity long-term liabilities.....	\$ 43,669,781	\$ 500,000	\$ (2,796,337)	\$ 2,388,460	\$ (684,897)	\$ 43,077,007	\$ 2,993,126

The governmental activities long-term liabilities are generally liquidated by the general fund and the business-type activities long-term liabilities are generally liquidated by the applicable enterprise fund.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balance according to constraints imposed on the uses of those resources. GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

The Town has classified its fund balances with the following hierarchy:

	General	Skating Rink Construction Fund	Library Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 3,768,254	\$ 3,768,254
Restricted for:					
Skating Rink Construction Fund.....	-	19,844,934	-	-	19,844,934
Library Construction Fund.....	-	-	5,414,566	-	5,414,566
Nonmajor governmental funds.....	-	-	-	33,333,089	33,333,089
Committed to:					
Ash Landfill Stabilization Fund.....	2,994,189	-	-	-	2,994,189
Assigned to:					
Encumbrances:					
General government.....	173,208	-	-	-	173,208
Public safety.....	190,925	-	-	-	190,925
Education.....	380,698	-	-	-	380,698
Public works.....	628,472	-	-	-	628,472
Human services.....	4,206	-	-	-	4,206
Culture and recreation.....	141,883	-	-	-	141,883
Free Cash used for 2024 Appropriations.....	7,189,075	-	-	-	7,189,075
Free Cash used for 2024 OPEB contribution.....	440,364	-	-	-	440,364
Unassigned.....	17,082,731	-	-	(3,684,685)	13,398,046
Total Fund Balances.....	\$ 29,225,751	\$ 19,844,934	\$ 5,414,566	\$ 33,416,658	\$ 87,901,909

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end, the balances of the general stabilization fund and capital stabilization fund are \$3,743,655 and \$781,718, respectively, and are reported as unassigned fund balance within the general fund. The balance of the Ash Landfill stabilization fund is \$2,994,189 and is reported as committed fund balance within the general fund.

NOTE 9 – LANDFILL CLOSURE

State and federal laws and regulations require the Town to close its old landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town operated a solid waste landfill that ceased operations in 1973. The Town has reflected \$6.8 million as the estimate of the landfill closure liability at June 30, 2024. This amount is based on estimates of what it would cost to perform all future closure and post closure care.

Actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations. Town meeting has voted a special purpose stabilization fund for this liability, which had a balance of \$3.0 million at year end.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 10 – RISK FINANCING

The Town is self-insured for its health insurance activities. The 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 are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors.

Health Insurance

The Town estimates Incurred But Not Reported (IBNR) claims based on an approximate two month claims paid average. The Town purchases individual stop loss insurance for claims in excess of the \$100,000 coverage provided by the Town. At June 30, 2024, the amount of the liability for health insurance claims totaled \$1.0 million. Changes in the reported liability since July 1, 2022, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2023.....	\$ 830,000	\$ 18,191,101	\$ (18,227,101)	\$ 794,000
2024.....	794,000	19,030,166	(18,824,166)	1,000,000

Insurance

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

Workers' Compensation

The Town participates in a premium based workers' compensation insurance plan for its employees, except for police officers and firefighters for which the Town is self-insured. The Town's liability related to incurred but not reported claims for police officers and/or firefighters workers compensation is not material at June 30, 2024, and is therefore not reported.

General Liability

The Town is self-insured for its general liability insurance. MGL Chapter 258 limits the liability to a maximum of \$100,000 per claim in all matters except actions relating to federal/civil rights, eminent domain and breach of contract.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 11 – PENSION PLAN

The Town and the Belmont Municipal Light Plant report their figures on different year ends and as a result, there will always be a variance between the figures reported in the footnotes and the required supplementary information to the actual amounts reported in the financial statements.

Plan Descriptions

The Town is a member of the Belmont Contributory Retirement System (BCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The BCRS is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The BCRS is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

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.mtrs.state.ma.us/service/financial-reports/>.

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, 2023. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$11,319,482 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$121,232,366 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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. 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 into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

At December 31, 2023, the BCRS membership consists of the following:

Active members.....	478
Inactive members.....	377
Retirees and beneficiaries currently receiving benefits...	<u>365</u>
Total.....	<u>1,220</u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$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 actuarially determined contribution 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. The total member units' contribution for the year ended December 31, 2023, was \$11,765,178, or 36.91% 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. The Town's proportionate share of the required contribution was \$10,320,665. The Electric Light Plant's proportionate share of the required contribution was \$1,328,464.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2024, were as follows:

Total pension liability.....	\$ 224,538,632
Total pension plan's fiduciary net position.....	<u>(165,162,764)</u>
Total net pension liability.....	<u>\$ 59,375,868</u>
The pension plan's fiduciary net position as	
a percentage of the total pension liability.....	73.56%

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024, for the Town and January 1, 2022, for the Electric Light Plant. 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. At December 31, 2023 (inclusive of the Electric Light Plant), the Town's proportion was 99.01%, which increased from its proportion of 98.63% measured at December 31, 2022.

At June 30, 2024, the Town reported a liability of \$52.1 million for its proportionate share of the net pension liability measured as of December 31, 2023. At December 31, 2023, the Electric Light Plant reported a liability of \$7.1 million for its proportionate share of the net pension liability measured as of December 31, 2022.

Pension Expense

For the year ended June 30, 2024, the Town recognized pension expense of \$5,924,227. At June 30, 2024, the Town reported deferred outflows of resources related to pensions of \$7,909,138 and deferred inflows of resources related to pensions of \$4,263,973.

For the year ended December 31, 2023, the Electric Light Plant recognized pension expense of \$1,005,253. At December 31, 2023, the Electric Light Plant reported deferred outflows of resources related to pensions of \$2,800,900 and deferred inflows of resources related to pensions of \$403,660.

The balances of deferred outflows and inflows of resources related to pensions at June 30, 2024, for the Town (exclusive of the Electric Light Plant), and at December 31, 2023, for the Electric Light Plant, are presented on the following page.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Town	Deferred	Deferred	
Deferred Category	Outflows of	Inflows of	Total
<u>Deferred Category</u>	<u>Resources</u>	<u>Resources</u>	<u>Total</u>
Differences between expected and actual experience.....	\$ 595,427	\$ (2,219,453)	\$ (1,624,026)
Difference between projected and actual earnings, net.....	5,033,250	-	5,033,250
Changes in assumptions.....	513,829	-	513,829
Changes in proportion and proportionate share of contributions....	<u>1,766,632</u>	<u>(2,044,520)</u>	<u>(277,888)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>7,909,138</u>	\$ <u>(4,263,973)</u>	\$ <u>3,645,165</u>

Electric Light Plant	Deferred	Deferred	
Deferred Category	Outflows of	Inflows of	Total
<u>Deferred Category</u>	<u>Resources</u>	<u>Resources</u>	<u>Total</u>
Differences between expected and actual experience.....	\$ 14,100	\$ -	\$ 14,100
Difference between projected and actual earnings, net.....	578,803	-	578,803
Changes in assumptions.....	199,296	-	199,296
Changes in proportion and proportionate share of contributions....	680,327	(403,660)	276,667
Contributions made subsequent to the measurement date.....	<u>1,328,464</u>	<u>-</u>	<u>1,328,464</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>2,800,990</u>	\$ <u>(403,660)</u>	\$ <u>2,397,330</u>

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

Year ended June 30:

2025.....	\$ 119,375
2026.....	783,952
2027.....	4,052,729
2028.....	<u>(242,025)</u>
	\$ <u>4,714,031</u>

The remaining balance of net deferred inflows/outflows for the Light Plant of \$1,328,464 will be an adjustment to the Net Pension Liability in their calendar year 2024 financial statements.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Actuarial Assumptions

The total pension liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement that was rolled back to December 31, 2023:

Valuation date.....	January 1, 2024
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Payments increasing 4.50% for the 2003 ERI liability; remaining liability amortized so that the actuarially determined contribution increases 0% for fiscal 2024 and fiscal 2025 and then 2.50% per year thereafter.
Remaining amortization period.....	As of July 1, 2022, 3 years for the 2003 ERI liability and 9 years for the remaining unfunded liability.
Asset valuation method.....	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return.....	7.00%
Discount rate.....	7.00%
Inflation rate.....	3.00% per year
Projected salary increases.....	Varies by length of service with ultimate rates of 3.75% for Groups 1 and 2 and 4.25% for Group 4.
Cost of living adjustments.....	5% of the first \$13,000 for fiscal 2023 and 3% of the first \$13,000 thereafter.
Mortality rates.....	<i>Pre-Retirement:</i> RP-2014 Blue Collar Employee Mortality Table set forward one year for females and projected generationally with Scale MP-2021. <i>Healthy Retiree:</i> RP-2014 Blue Collar Healthy Annuitant Table set forward one year for females and projected generationally with Scale MP-2021. <i>Disabled Retiree:</i> RP-2014 Blue Collar Healthy Annuitant Table set forward one year and projected generationally with Scale MP-2021.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Investment policy

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

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	23.00%	6.29%
International developed markets equity.....	13.00%	6.39%
International emerging markets equity.....	7.00%	7.63%
Core fixed income.....	8.00%	1.72%
High-yield fixed income.....	8.00%	3.43%
Real estate.....	12.00%	3.24%
Commodities.....	10.00%	3.72%
Hedge fund, GTAA, risk parity.....	7.00%	2.87%
Private equity.....	7.00%	9.43%
Private credit.....	5.00%	5.91%
Total.....	<u>100.00%</u>	

Rate of return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Discount rate

The discount rate used to measure the total pension liability was 7.00% at December 31, 2023, and December 31, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	December 31, 2023 Measurement Date		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
The Town's proportionate share of the net pension liability.....	\$ 73,276,605	\$ 52,085,777	\$ 34,206,466
	December 31, 2022 Measurement Date		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
The Electric Light Plant's proportionate share of the net pension liability.....	\$ 9,619,309	\$ 7,141,161	\$ 5,054,485

Change of Assumptions

None.

Changes in Plan Provisions

Pursuant to Chapter 269 of the Acts of 2022, the Board approved a one-time increase in the COLA from 3% to 5% effective July 1, 2022.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The GASB #75 liability on pages 71 and 72 for the Town and the Electric Light Plant, combined equal the total OPEB liability reported of \$105,496,981, on page 17 on the Statement of Net Position.

Plan Description

The Town of Belmont administers a single-employer defined benefit healthcare plan (“the Plan”). The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health and life insurance plans, which cover both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. Retired plan members and beneficiaries currently receiving benefits are required to contribute 20% of the costs of benefits for the HMO and 50% of cost of benefits for the PPO plans if they are not participating in the Medicare Plan. Medicare eligible retirees and their spouses contribute 50% of the cost of the Medicare Enhance Supplement plan and the Tufts Medicare Preferred plan. For the year ended June 30, 2024, the Town’s contribution to the plan totaled \$5.0 million.

During 2024, the Town pre-funded future OPEB liabilities totaling \$593,000 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, 2024, the restricted net position balance of this fund totaled \$9.1 million.

Investment policy

The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s investment policy. The Town’s policy is to fund contributions of a minimum of \$250,000 per year to the OPEB Trust through 2031 and the Town’s intention is to redirect some or all of the amounts paid to the Retirement System (approximately \$12 million annually) towards the unfunded OPEB liability beginning in 2032 when the Retirement System is projected to be fully funded.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Employees Covered by Benefit Terms

The following tables represent the Plan’s membership as of June 30, 2023, for the Town and the Electric Light Plant:

<u>Town</u>	
Active members.....	558
Inactive members currently receiving benefits.....	<u>633</u>
Total.....	<u><u>1,191</u></u>
 <u>Electric Light Plant</u>	
Active members.....	26
Inactive members currently receiving benefits.....	<u>23</u>
Total.....	<u><u>49</u></u>

Components of OPEB Liability

The following table represents the components of the Town’s OPEB liability as of June 30, 2024:

Total OPEB liability.....	\$ 110,618,941
Less: OPEB plan's fiduciary net position.....	<u>(8,501,992)</u>
Net OPEB liability.....	<u><u>\$ 102,116,949</u></u>
 The OPEB plan's fiduciary net position as a percentage of the total OPEB liability..	
	7.69%

The following table represents the components of the Electric Light Plant’s OPEB liability as of December 31, 2023:

Total OPEB liability.....	\$ 3,906,740
Less: OPEB plan's fiduciary net position.....	<u>(526,708)</u>
Net OPEB liability.....	<u><u>\$ 3,380,032</u></u>
 The OPEB plan's fiduciary net position as a percentage of the total OPEB liability..	
	13.48%

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Significant Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, to be in accordance with GASB #75:

Valuation date.....	June 30, 2023
Actuarial cost method.....	Entry Age Normal - Level Percentage of Payroll
Amortization method.....	Level percentage of payroll - payments increasing 3.00% per year
Remaining amortization period.....	24 years from July 1, 2023
Asset valuation method.....	Fair value
Wage inflation.....	3.00%
Investment rate of return.....	6.25% as of December 31, 2023 and December 31, 2022
Discount rate.....	Town - 6.18% as of June 30, 2024 and 6.02% as of June 30, 2023 Electric Light - 6.15% as of December 31, 2023 and 6.00% as of December 31, 2022
Salary increases.....	Groups 1/2 (excluding teachers): 6.00% decreasing over 9 years to an ultimate of 3.75%. Group 4: 7.00% decreasing over 8 years to an ultimate of 4.25%. Teachers: 7.50% decreasing over 20 years to an ultimate of 4.00%.
Health care trend rates.....	Medical (Non-Medicare): 7.00% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Medical (Medicare): 6.00% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Prescription Drug (Non-Medicare): 10.00% decreasing by 0.50% each year to an ultimate level of 4.50% per year. Prescription Drug (Medicare): 22.40%, 18.60%, 9.20%, then 8.50% decreasing by 0.50% each year to an ultimate level of 4.50% per year. Medicare Advantage: 9.60%, 12.30%, 7.40%, then 5.25% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Administrative Expenses: 3.00% per year Contributions: Retiree contributions are expected to increase with blended medical trend.
Mortality rates.....	Pre-Retirement (non-Teachers): RP-2014 Blue Collar Employee Mortality Table set forward one year for females and projected generationally with Scale MP-2021. Healthy (non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females and projected generationally with Scale MP-2021. Disabled (non-Teachers): RP-2014 Blue Collar Health Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021. Pre-Retirement (Teachers): Pub-2010 Teacher Employee Mortality Table (headcount weighted) projected generationally with Scale MP-2021. Healthy (Teachers): Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale MP-2021. Disabled (Teachers): Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale MP-2021.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments was 9.55% for the Town and 4.11% for the Light Plant. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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 asset allocations and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	70.00%	6.29%
Core fixed income.....	30.00%	1.72%
Total.....	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Town’s total OPEB liability was 6.18% as of June 30, 2024, and 6.02% as of the June 30, 2023. The discount rate used to measure the Electric Light Plant’s total OPEB liability was 6.15% as of December 31, 2023, and 6.00% as of December 31, 2022.

The discount rates are a blend of the long-term expected rate of return on OPEB Trust assets (6.25%) and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.93% as of June 30, 2024, and 3.26% as of December 31, 2023). The blending is based on the sufficiency of projected assets to make projected benefit payments. Since assets are partially sufficient to cover projected benefit payments, the blended discount rate used to measure the total OPEB liability was 6.18% as of June 30, 2024 for the Town, and 6.15% as of December 31, 2023, for the Electric Light Plant.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following tables present the net OPEB liability, calculated using the current discount rates 6.18% for the Town and 6.15% for the Electric Light Plant), as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.18% and 5.15%) or 1-percentage-point higher (7.18% and 7.15%) than the current rates.

	1% Decrease (5.18%)	Current Discount Rate (6.18%)	1% Increase (7.18%)
<u>Town</u>			
Net OPEB liability.....	\$ 116,917,331	\$ 102,116,949	\$ 89,894,834

	1% Decrease (5.15%)	Current Discount Rate (6.15%)	1% Increase (7.15%)
<u>Electric Light Plant</u>			
Net OPEB liability.....	\$ 3,935,852	\$ 3,380,032	\$ 2,924,763

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following tables present the net OPEB liability, calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rates.

	1% Decrease 5.00%	Current Trend 6.00%	1% Increase 7.00%
<u>Town</u>			
Net OPEB liability.....	\$ 87,455,365	\$ 102,116,949	\$ 120,472,196

	1% Decrease 5.00%	Current Trend 6.00%	1% Increase 7.00%
<u>Electric Light Plant</u>			
Net OPEB liability.....	\$ 2,862,063	\$ 3,380,032	\$ 4,035,974

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Changes in the Net OPEB Liability

<u>Town</u>	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023.....	\$ 106,283,860	\$ 7,203,190	\$ 99,080,670
Changes for the year:			
Service cost.....	3,582,618	-	3,582,618
Interest.....	6,484,403	-	6,484,403
Contributions - employer.....	-	4,936,825	(4,936,825)
Net investment income.....	-	730,095	(730,095)
Differences between expected and actual experience.....	(7,604,657)	-	(7,604,657)
Changes in assumptions and other inputs.....	6,240,835	-	6,240,835
Benefit payments.....	(4,368,118)	(4,368,118)	-
Net change.....	4,335,081	1,298,802	3,036,279
Balances at June 30, 2024.....	\$ 110,618,941	\$ 8,501,992	\$ 102,116,949

<u>Electric Light Plant</u>	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2022.....	\$ 3,908,307	\$ 489,323	\$ 3,418,984
Changes for the year:			
Service cost.....	146,950	-	146,950
Interest.....	238,909	-	238,909
Contributions - employer.....	-	166,035	(166,035)
Net investment income.....	-	20,385	(20,385)
Differences between expected and actual experience.....	(421,617)	-	(421,617)
Changes in assumptions and other inputs.....	183,226	-	183,226
Benefit payments.....	(149,035)	(149,035)	-
Net change.....	(1,567)	37,385	(38,952)
Balances at December 31, 2023.....	\$ 3,906,740	\$ 526,708	\$ 3,380,032

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$5,702,123. For the year ended December 31, 2023, the Electric Light Plant recognized OPEB expense of (\$21,881).

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Town</u>	Deferred	Deferred	
<u>Deferred Category</u>	<u>Outflows of</u>	<u>Inflows of</u>	<u>Total</u>
	Resources	Resources	
Differences between expected and actual experience.....	\$ -	\$ (7,586,716)	\$ (7,586,716)
Difference between projected and actual earnings, net.....	-	(370,667)	(370,667)
Changes in assumptions.....	<u>5,200,695</u>	<u>(9,101,685)</u>	<u>(3,900,990)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 5,200,695</u>	<u>\$ (17,059,068)</u>	<u>\$ (11,858,373)</u>

At December 31, 2023, the Electric Light Plant reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Electric Light Plant</u>	Deferred	Deferred	
<u>Deferred Category</u>	<u>Outflows of</u>	<u>Inflows of</u>	<u>Total</u>
	Resources	Resources	
Differences between expected and actual experience.....	\$ -	\$ (660,986)	\$ (660,986)
Difference between projected and actual earnings, net.....	25,856	-	25,856
Changes in assumptions.....	<u>157,090</u>	<u>(256,691)</u>	<u>(99,601)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 182,946</u>	<u>\$ (917,677)</u>	<u>\$ (734,731)</u>

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

Measurement date year ended June 30:

2025.....	\$ (4,251,461)
2026.....	(3,959,863)
2027.....	(3,711,133)
2028.....	(443,343)
2029.....	<u>(227,304)</u>
	<u>\$ (12,593,104)</u>

Changes of Assumptions – Town & Light

- The per capita health costs and contributions were updated to reflect current experience.
- The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

- The per capita health cost trend assumptions were revised to reflect an estimate for the impact of the Inflation Reduction Act, current experience and future expectations.
- The mortality projection scale assumptions were updated.
- The life insurance coverage election for future retirees with medical coverage was updated.
- The Town’s discount rate was increased from 6.02% as of June 30, 2023, to 6.18% as of June 30, 2024.
- The Light Plant’s discount rate was increased from 6.00% as of December 31, 2022, to 6.15% as of December 31, 2023.

Changes in Plan Provisions – Town & Light

- None.

NOTE 13 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements.

Following are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2023)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 2,131,057	\$ 47,709	\$ 2,178,766
Investments:			
Investments in Pension Reserve Investment Trust.....	54,413,284	-	54,413,284
U.S. treasuries.....	-	2,282,256	2,282,256
Government sponsored enterprises.....	-	401,030	401,030
Equity securities.....	10,170,440	6,356,511	16,526,951
Equity mutual funds.....	30,180,146	-	30,180,146
Fixed income mutual funds.....	24,767,500	-	24,767,500
Real estate and alternative investments.....	38,278,797	-	38,278,797
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	5,219,707	-	5,219,707
Interest and dividends.....	1,833	-	1,833
TOTAL ASSETS.....	165,162,764	9,087,506	174,250,270
NET POSITION			
Restricted for pensions.....	165,162,764	-	165,162,764
Restricted for other postemployment benefits.....	-	9,087,506	9,087,506
TOTAL NET POSITION.....	\$ 165,162,764	\$ 9,087,506	\$ 174,250,270

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

	Pension Trust Fund (as of December 31, 2023)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 11,765,178	\$ 593,020	\$ 12,358,198
Employer contributions for other postemployment benefit payments.....	-	4,368,118	4,368,118
Member contributions.....	3,387,081	-	3,387,081
Transfers from other systems.....	251,111	-	251,111
3(8)c contributions from other systems.....	398,155	-	398,155
Workers compensation settlements.....	16,000	-	16,000
Intergovernmental.....	189,034	-	189,034
	16,006,559	4,961,138	20,967,697
Total contributions.....			
Net investment income:			
Investment income.....	15,959,189	810,141	16,769,330
Less: investment expense.....	(910,871)	(27,174)	(938,045)
	15,048,318	782,967	15,831,285
Net investment income.....			
	31,054,877	5,744,105	36,798,982
TOTAL ADDITIONS.....			
DEDUCTIONS:			
Administration.....	504,097	-	504,097
Transfers to other systems.....	868,799	-	868,799
Retirement benefits and refunds.....	14,167,143	-	14,167,143
Other postemployment benefit payments.....	-	4,368,118	4,368,118
	15,540,039	4,368,118	19,908,157
TOTAL DEDUCTIONS.....			
NET INCREASE IN NET POSITION.....	15,514,838	1,375,987	16,890,825
NET POSITION AT BEGINNING OF YEAR.....	149,647,926	7,711,519	157,359,445
NET POSITION AT END OF YEAR.....	\$ 165,162,764	\$ 9,087,506	\$ 174,250,270

NOTE 14 – COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling approximately \$36.9 million related to the Belmont high school project, library and rink projects, and various water and sewer infrastructure upgrades.

The Light Plant has entered into various power contracts totaling approximately \$83.6 million through Energy New England (ENE), as their acting agent. These power contracts began in 2009 and go through the year 2050.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 15 – 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 Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 expected that such amounts, if any, to be immaterial.

Various legal actions as well as claims, judgements and assessments are pending. Litigation and the settlement of claims, judgements and assessments is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of liability, if any, at June 30, 2024, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2024.

NOTE 16 – CHANGE WITHIN REPORTING ENTITY

During the fiscal year ended June 30, 2024, the Town reviewed its fund classifications against the major fund reporting criteria established by Governmental Accounting Standards Board (GASB) Statement #34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments.

The Town made the following determinations:

- The skating rink construction fund (previously classified as a nonmajor governmental fund) meets the quantitative criteria for required major fund reporting in 2024.
- The library construction fund (previously classified as a nonmajor governmental fund) does not meet the quantitative criteria for required major fund reporting in 2024. The Town has elected to present this fund as a major fund in 2024 due to its qualitative significance to the basic financial statements.
- The Belmont High School construction fund, community preservation fund, and American Rescue Plan Act (ARPA) fund (previously reported as major governmental funds) do not meet the quantitative criteria for required major fund reporting in 2024; these funds have been reclassified as nonmajor governmental funds.

The effects of these reclassifications are reflected in the accompanying financial statements for the year ended June 30, 2024, in accordance with GASB Statement #100, Accounting Changes and Error Corrections.

The reclassifications did not impact the total net position or change in net position of the Town. The beginning fund balance of the American Rescue Plan Act (ARPA) fund was zero, therefore beginning fund balance adjustment was not necessary for this fund.

Town of Belmont, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

The impact of the fund reclassifications are as follows:

	Reporting Units Impacted by Adjustment to Beginning Fund Balances				
	Skating Rink Construction Fund	Library Construction Fund	High School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds
	Fund	Fund	Fund	Fund	Funds
June 30, 2023, as previously reported.....	\$ -	\$ -	\$ (520,759)	\$ 7,258,845	\$ 29,293,334
Adjustment - change from nonmajor fund to major fund.....	118,000	1,884,240	-	-	(2,002,240)
Adjustment - change from major fund to nonmajor fund.....	-	-	520,759	(7,258,845)	6,738,086
June 30, 2023, as adjusted.....	\$ 118,000	\$ 1,884,240	\$ -	\$ -	\$ 34,029,180

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 24, 2025, which is the date the financial statements were available to be issued.

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2024, the following GASB pronouncement was implemented:

- GASB Statement #100, *Accounting Changes and Error Corrections*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.
- The GASB issued Statement #102, *Certain Risk Disclosures*, which is required to be implemented in 2025.
- The GASB issued Statement #103, *Financial Reporting Model Improvements*, which is required to be implemented in 2026.
- The GASB issued Statement #104, *Disclosure of Certain Capital Assets*, which is required to be implemented in 2026.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

This page intentionally left blank.

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for all of the Town's financial resources, except those required to be accounted for in another fund.

Town of Belmont, Massachusetts

General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Year Ended June 30, 2024

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	-	\$ 118,638,544	\$ 118,638,544	\$ 118,559,284	\$ 118,451,562	-	\$ (107,722)
Tax liens.....	-	-	-	-	214,554	-	214,554
Motor vehicle and other excise taxes.....	-	3,850,000	3,850,000	3,975,000	4,241,239	-	266,239
Charges for services.....	-	2,666,279	2,666,279	3,411,327	3,725,819	-	314,492
Penalties and interest on taxes.....	-	330,000	330,000	330,000	328,243	-	(1,757)
Licenses and permits.....	-	1,307,859	1,307,859	1,353,632	1,559,161	-	205,529
Fines and forfeitures.....	-	199,324	199,324	199,324	287,619	-	88,295
Intergovernmental.....	-	14,571,551	14,571,551	14,608,481	14,621,478	-	12,997
Investment income.....	-	250,000	250,000	1,250,000	2,256,449	-	1,006,449
TOTAL REVENUES.....	-	141,813,557	141,813,557	143,687,048	145,686,124	-	1,999,076
EXPENDITURES:							
Current:							
General government.....	137,989	5,219,752	5,357,741	5,403,139	5,000,820	173,208	229,111
Public safety.....	83,664	14,160,201	14,243,865	14,363,674	13,939,060	190,925	233,689
Education.....	156,595	74,477,717	74,634,312	74,034,312	72,546,398	380,698	1,107,216
Public works.....	781,818	16,569,075	17,350,893	17,365,635	16,080,674	628,472	656,489
Human services.....	30	1,002,965	1,002,995	1,002,995	903,042	4,206	95,747
Culture and recreation.....	14,591	3,872,823	3,887,414	3,912,679	3,688,289	141,883	82,507
Pension benefits.....	-	10,041,821	10,041,821	10,041,821	10,033,563	-	8,258
Employee benefits.....	-	7,100,960	7,100,960	6,897,018	6,338,542	-	558,476
State and county charges.....	-	2,295,055	2,295,055	2,284,535	2,220,669	-	63,866
Debt service:							
Principal.....	-	7,030,000	7,030,000	7,039,625	7,039,625	-	-
Interest.....	-	7,612,053	7,612,053	7,602,428	7,587,154	-	15,274
TOTAL EXPENDITURES.....	1,174,687	149,382,422	150,557,109	149,947,861	145,377,836	1,519,392	3,050,633
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,174,687)	(7,568,865)	(8,743,552)	(6,260,813)	308,288	(1,519,392)	5,049,709
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	1,176,516	1,176,516	1,176,516	1,178,154	-	1,638
Transfers out.....	-	(3,831,816)	(3,831,816)	(7,386,816)	(7,386,816)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(2,655,300)	(2,655,300)	(6,210,300)	(6,208,662)	-	1,638
NET CHANGE IN FUND BALANCE.....	(1,174,687)	(10,224,165)	(11,398,852)	(12,471,113)	(5,900,374)	(1,519,392)	5,051,347
BUDGETARY FUND BALANCE, Beginning of year.....	-	26,319,020	26,319,020	26,319,020	26,319,020	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (1,174,687)	\$ 16,094,855	\$ 14,920,168	\$ 13,847,907	\$ 20,418,646	\$ (1,519,392)	\$ 5,051,347

See notes to required supplementary information.

Pension Plan Schedules

Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

Town of Belmont, Massachusetts

Schedule of Changes in the Net Pension Liability and Related Ratios

Belmont Contributory Retirement System

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Total pension liability:										
Service cost.....	\$ 3,290,948	\$ 3,422,586	\$ 3,677,753	\$ 3,793,768	\$ 4,035,938	\$ 4,163,252	\$ 4,915,533	\$ 5,070,223	\$ 4,933,263	\$ 5,088,512
Interest.....	11,576,179	11,975,171	12,311,049	12,689,446	13,409,913	13,847,855	14,267,460	14,753,149	14,595,490	15,035,199
Changes in benefit terms.....	-	-	-	770,006	-	-	-	-	-	900,681
Differences between expected and actual experience.....	-	(2,308,867)	-	2,782,900	-	662,852	-	(6,325,237)	-	905,021
Changes in assumptions.....	-	6,683,815	-	3,287,108	-	4,976,068	-	1,464,364	-	-
Benefit payments.....	(9,665,616)	(10,035,365)	(10,762,409)	(11,356,645)	(11,729,280)	(11,580,799)	(12,400,376)	(12,689,282)	(12,623,272)	(14,181,642)
Net change in total pension liability.....	5,201,511	9,737,340	5,226,393	11,966,583	5,716,571	12,069,228	6,782,617	2,273,217	6,905,481	7,747,771
Total pension liability - beginning.....	150,911,920	156,113,431	165,850,771	171,077,164	183,043,747	188,760,318	200,829,546	207,612,163	209,885,380	216,790,861
Total pension liability - ending (a).....	\$ 156,113,431	\$ 165,850,771	\$ 171,077,164	\$ 183,043,747	\$ 188,760,318	\$ 200,829,546	\$ 207,612,163	\$ 209,885,380	\$ 216,790,861	\$ 224,538,632
Plan fiduciary net position:										
Employer contributions.....	\$ 7,364,523	\$ 7,877,960	\$ 8,432,117	\$ 9,014,711	\$ 9,643,193	\$ 10,197,676	\$ 10,784,043	\$ 11,263,933	\$ 11,765,178	\$ 11,765,178
Member contributions.....	2,378,296	2,460,974	2,582,816	2,665,509	2,770,687	3,005,384	2,907,915	2,881,865	3,053,327	3,387,081
Net investment income (loss).....	5,521,768	934,243	7,021,503	13,204,734	(3,325,333)	16,768,138	12,965,031	22,732,996	(14,021,937)	14,955,817
Administrative expenses.....	(182,627)	(154,097)	(321,612)	(323,187)	(314,673)	(315,261)	(349,365)	(335,823)	(369,588)	(411,596)
Retirement benefits and refunds.....	(9,665,616)	(10,035,365)	(10,762,409)	(11,356,645)	(11,729,280)	(11,580,799)	(12,400,376)	(12,689,282)	(12,623,272)	(14,181,642)
Net increase (decrease) in fiduciary net position.....	5,416,344	1,083,715	6,952,415	13,205,122	(2,955,406)	18,075,138	13,907,248	23,853,689	(12,196,292)	15,514,838
Fiduciary net position - beginning of year.....	82,305,953	87,722,297	88,806,012	95,758,427	108,963,549	106,008,143	124,083,281	137,990,529	161,844,218	149,647,926
Fiduciary net position - end of year (b).....	\$ 87,722,297	\$ 88,806,012	\$ 95,758,427	\$ 108,963,549	\$ 106,008,143	\$ 124,083,281	\$ 137,990,529	\$ 161,844,218	\$ 149,647,926	\$ 165,162,764
Net pension liability - ending (a)-(b).....	\$ 68,391,134	\$ 77,044,759	\$ 75,318,737	\$ 74,080,198	\$ 82,752,175	\$ 76,746,265	\$ 69,621,634	\$ 48,041,162	\$ 67,142,935	\$ 59,375,868
Plan fiduciary net position as a percentage of the total pension liability.....	56.19%	53.55%	55.97%	59.53%	56.16%	61.79%	66.47%	77.11%	69.03%	73.56%
Covered payroll.....	\$ 25,142,886	\$ 25,031,508	\$ 26,016,467	\$ 26,395,332	\$ 27,455,996	\$ 29,659,286	\$ 30,859,703	\$ 28,593,922	\$ 29,750,684	\$ 31,876,466
Net pension liability as a percentage of covered payroll.....	272.01%	307.79%	289.50%	280.66%	301.40%	258.76%	225.61%	168.01%	225.69%	186.27%

See notes to required supplementary information.

Town of Belmont, Massachusetts

Schedule of Contributions

Belmont Contributory Retirement System

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- payroll	Contributions as a percentage of covered- payroll
December 31, 2023.....	\$ 11,765,178	\$ (11,765,178)	\$ -	\$ 31,876,466	36.91%
December 31, 2022.....	11,765,178	(11,765,178)	-	29,750,684	39.55%
December 31, 2021.....	11,263,933	(11,263,933)	-	28,593,922	39.39%
December 31, 2020.....	10,784,043	(10,784,043)	-	30,859,703	34.95%
December 31, 2019.....	10,197,676	(10,197,676)	-	29,659,286	34.38%
December 31, 2018.....	9,643,193	(9,643,193)	-	27,455,996	35.12%
December 31, 2017.....	9,014,711	(9,014,711)	-	26,395,332	34.15%
December 31, 2016.....	8,427,189	(8,432,117)	(4,928)	26,016,467	32.41%
December 31, 2015.....	7,877,960	(7,877,960)	-	25,031,508	31.47%
December 31, 2014.....	7,364,523	(7,364,523)	-	25,142,886	29.29%

See notes to required supplementary information.

Town of Belmont, Massachusetts

Schedule of Investment Returns

Belmont Contributory Retirement System

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2023.....	11.20%
December 31, 2022.....	-8.32%
December 31, 2021.....	17.37%
December 31, 2020.....	11.30%
December 31, 2019.....	16.85%
December 31, 2018.....	-2.69%
December 31, 2017.....	14.50%
December 31, 2016.....	8.89%
December 31, 2015.....	1.32%
December 31, 2014.....	6.69%

See notes to required supplementary information.

Pension Plan Schedules

Town & Electric Light Plant

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Electric Light Plant's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Light Plant's net pension liability and related ratios.

The Schedule of Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

Town of Belmont, Massachusetts

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

Belmont Contributory Retirement System

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- payroll	Net pension liability as a percentage of covered- payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2024.....	87.72%	\$ 52,085,777	\$ 27,968,027	186.23%	73.56%
June 30, 2023.....	87.99%	59,077,630	26,071,677	226.60%	69.03%
June 30, 2022.....	87.99%	42,270,375	25,064,711	168.64%	77.11%
June 30, 2021.....	88.55%	61,652,145	27,126,753	227.27%	66.47%
June 30, 2020.....	88.55%	67,961,737	26,078,850	260.60%	61.79%
June 30, 2019.....	89.08%	73,711,413	24,303,047	303.30%	56.16%
June 30, 2018.....	88.85%	65,819,280	23,359,304	281.77%	59.53%
June 30, 2017.....	89.70%	67,554,485	23,154,141	291.76%	55.97%
June 30, 2016.....	89.68%	69,090,194	23,496,527	294.04%	53.55%
June 30, 2015.....	89.19%	61,000,401	22,592,814	270.00%	56.19%

See notes to required supplementary information.

Town of Belmont, Massachusetts

Schedule of the Electric Light Department's Proportionate Share of the Net Pension Liability

Belmont Contributory Retirement System

Last Nine Fiscal Years

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Net pension liability as a percentage of covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2023.....	10.64%	\$ 7,141,161	\$ 3,399,032	210.09%	69.03%
December 31, 2022.....	10.64%	5,109,560	3,257,218	156.87%	77.11%
December 31, 2021.....	10.26%	7,140,786	3,320,565	215.05%	66.47%
December 31, 2020.....	10.26%	7,870,726	3,181,228	247.41%	61.79%
December 31, 2019.....	9.44%	7,814,033	2,834,630	275.66%	56.16%
December 31, 2018.....	9.42%	6,975,686	2,730,334	255.49%	59.53%
December 31, 2017.....	8.59%	6,466,318	2,485,260	260.19%	55.97%
December 31, 2016.....	8.58%	6,611,771	2,384,359	277.30%	53.55%
December 31, 2015.....	8.87%	6,236,954	2,193,362	284.36%	56.19%

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 Belmont, Massachusetts

Schedule of Town's Contributions

Belmont Contributory Retirement System

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2024.....	\$ 10,320,665	\$ (10,320,665)	-	\$ 27,968,027	36.90%
June 30, 2023.....	10,351,928	(10,351,928)	-	26,071,677	39.71%
June 30, 2022.....	9,910,890	(9,910,890)	-	25,064,711	39.54%
June 30, 2021.....	9,549,609	(9,549,609)	-	27,126,753	35.20%
June 30, 2020.....	9,030,430	(9,030,430)	-	26,078,850	34.63%
June 30, 2019.....	8,589,664	(8,589,664)	-	24,303,047	35.34%
June 30, 2018.....	8,009,452	(8,009,452)	-	23,359,304	34.29%
June 30, 2017.....	7,558,470	(7,563,398)	(4,928)	23,154,141	32.67%
June 30, 2016.....	7,740,657	(7,740,657)	-	23,496,527	32.94%
June 30, 2015.....	7,222,270	(7,222,270)	-	22,592,814	31.97%

See notes to required supplementary information.

Town of Belmont, Massachusetts

Schedule of Special Funding Amounts of the Net Pension Liability

Massachusetts Teachers' Retirement System

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. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2024.....	\$ 121,232,366	\$ 11,319,482	58.48%
2023.....	113,637,225	9,347,771	57.75%
2022.....	101,398,692	8,136,823	62.03%
2021.....	126,150,097	15,581,344	50.67%
2020.....	110,844,863	13,441,864	53.95%
2019.....	102,925,762	10,430,036	54.84%
2018.....	95,442,966	9,961,660	54.25%
2017.....	91,342,059	9,317,489	52.73%
2016.....	82,041,160	6,654,268	55.38%
2015.....	64,046,291	4,449,603	61.64%

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules –Town and Electric Light Plant

The Schedule of Changes in the Town's Net Other Postemployment Benefit 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 other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of Changes in the Electric Light's Net Other Postemployment Benefit 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 other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of the Electric Light's Contributions presents multi-year trend information on the Electric Light's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

Town of Belmont, Massachusetts

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

Other Postemployment Benefit Plan

Last Eight Fiscal Years

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Total OPEB Liability								
Service Cost.....	\$ 3,783,584	\$ 3,396,620	\$ 3,450,335	\$ 3,631,066	\$ 4,230,703	\$ 4,354,082	\$ 3,598,214	\$ 3,582,618
Interest.....	8,496,483	5,725,306	6,033,987	6,309,506	6,481,594	6,841,439	6,172,333	6,484,403
Changes of benefit terms.....	-	-	-	(925,315)	-	(259,818)	-	-
Differences between expected and actual experience.....	-	-	-	(304,905)	-	(2,397,365)	-	(7,604,657)
Changes of assumptions.....	(40,435,528)	(724,799)	1,012,397	(805,773)	(139,085)	(16,897,398)	(708,492)	6,240,835
Plan amendments.....	(18,722,360)	-	-	-	-	-	-	-
Benefit payments.....	(3,856,996)	(4,101,700)	(4,400,269)	(4,764,669)	(4,950,666)	(4,513,468)	(4,723,918)	(4,368,118)
Net change in total OPEB liability.....	(50,734,817)	4,295,427	6,096,450	3,139,910	5,622,546	(12,872,528)	4,338,137	4,335,081
Total OPEB liability - beginning.....	146,398,735	95,663,918	99,959,345	106,055,795	109,195,705	114,818,251	101,945,723	106,283,860
Total OPEB liability - ending (a).....	<u>\$ 95,663,918</u>	<u>\$ 99,959,345</u>	<u>\$ 106,055,795</u>	<u>\$ 109,195,705</u>	<u>\$ 114,818,251</u>	<u>\$ 101,945,723</u>	<u>\$ 106,283,860</u>	<u>\$ 110,618,941</u>
Plan fiduciary net position								
Employer contributions.....	\$ 4,186,243	\$ 4,470,248	\$ 4,951,361	\$ 5,333,376	\$ 5,011,768	\$ 4,575,468	\$ 5,315,193	\$ 4,936,825
Net investment income.....	172,888	5,442	380,423	70,680	901,865	179,628	598,523	730,095
Benefit payments.....	(3,856,996)	(4,101,700)	(4,400,269)	(4,764,669)	(4,950,666)	(4,513,468)	(4,723,918)	(4,368,118)
Net change in plan fiduciary net position.....	502,135	373,990	931,515	639,387	962,967	241,628	1,189,798	1,298,802
Plan fiduciary net position - beginning of year.....	2,361,770	2,863,905	3,237,895	4,169,410	4,808,797	5,771,764	6,013,392	7,203,190
Plan fiduciary net position - end of year (b).....	<u>\$ 2,863,905</u>	<u>\$ 3,237,895</u>	<u>\$ 4,169,410</u>	<u>\$ 4,808,797</u>	<u>\$ 5,771,764</u>	<u>\$ 6,013,392</u>	<u>\$ 7,203,190</u>	<u>\$ 8,501,992</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 92,800,013</u>	<u>\$ 96,721,450</u>	<u>\$ 101,886,385</u>	<u>\$ 104,386,908</u>	<u>\$ 109,046,487</u>	<u>\$ 95,932,331</u>	<u>\$ 99,080,670</u>	<u>\$ 102,116,949</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	2.99%	3.24%	3.93%	4.40%	5.03%	5.90%	6.78%	7.69%
Covered-employee payroll.....	\$ 59,585,846	\$ 62,323,993	\$ 65,123,251	\$ 69,447,567	\$ 70,836,518	\$ 72,253,249	\$ 81,864,365	\$ 83,411,912
Net OPEB liability as a percentage of covered-employee payroll.....	155.74%	155.19%	156.45%	150.31%	153.94%	132.77%	121.03%	122.42%

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 Belmont, Massachusetts

Schedule of Changes in the Electric Light's Net OPEB Liability and Related Ratios

Other Postemployment Benefit Plan

Last Seven Fiscal Years

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Total OPEB Liability							
Service Cost.....	\$ 171,763	\$ 176,967	\$ 179,506	\$ 225,753	\$ 230,747	\$ 148,623	\$ 146,950
Interest.....	239,224	258,321	275,449	268,577	284,403	224,399	238,909
Changes of benefit terms.....	-	-	(12,924)	-	(6,176)	-	-
Differences between expected and actual experience.....	-	-	(152,821)	-	(770,905)	-	(421,617)
Changes of assumptions.....	33,732	(70,456)	(151,620)	52,550	(516,048)	(83,784)	183,226
Benefit payments.....	(135,832)	(140,506)	(227,280)	(252,121)	(151,855)	(173,477)	(149,035)
Net change in total OPEB liability.....	308,887	224,326	(89,690)	294,759	(929,834)	115,761	(1,567)
Total OPEB liability - beginning.....	3,984,098	4,292,985	4,517,311	4,427,621	4,722,380	3,792,546	3,908,307
Total OPEB liability - ending (a).....	<u>\$ 4,292,985</u>	<u>\$ 4,517,311</u>	<u>\$ 4,427,621</u>	<u>\$ 4,722,380</u>	<u>\$ 3,792,546</u>	<u>\$ 3,908,307</u>	<u>\$ 3,906,740</u>
Plan fiduciary net position							
Employer contributions.....	\$ 151,990	\$ 161,151	\$ 251,593	\$ 268,979	\$ 168,855	\$ 190,477	\$ 166,035
Net investment income.....	24,792	(4,697)	44,023	21,048	64,191	1,919	20,385
Benefit payments.....	(135,832)	(140,506)	(227,280)	(252,121)	(151,855)	(173,477)	(149,035)
Net change in plan fiduciary net position.....	40,950	15,948	68,336	37,906	81,191	18,919	37,385
Plan fiduciary net position - beginning of year.....	226,073	267,023	282,971	351,307	389,213	470,404	489,323
Plan fiduciary net position - end of year (b).....	<u>\$ 267,023</u>	<u>\$ 282,971</u>	<u>\$ 351,307</u>	<u>\$ 389,213</u>	<u>\$ 470,404</u>	<u>\$ 489,323</u>	<u>\$ 526,708</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 4,025,962</u>	<u>\$ 4,234,340</u>	<u>\$ 4,076,314</u>	<u>\$ 4,333,167</u>	<u>\$ 3,322,142</u>	<u>\$ 3,418,984</u>	<u>\$ 3,380,032</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	6.22%	6.26%	7.93%	8.24%	12.40%	12.52%	13.48%
Covered-employee payroll.....	\$ 3,147,743	\$ 3,320,698	\$ 3,581,997	\$ 3,392,464	\$ 3,542,073	\$ 3,747,337	\$ 3,868,229
Net OPEB liability as a percentage of covered-employee payroll.....	127.90%	127.51%	113.80%	127.73%	93.79%	91.24%	87.38%

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 Belmont, Massachusetts

Schedule of Town Contributions

Other Postemployment Benefit Plan

Last Eight Fiscal Years

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2024.....	\$ 9,715,837	\$ (4,936,825)	\$ 4,779,012	\$ 83,411,912	5.92%
June 30, 2023.....	8,876,096	(5,315,193)	3,560,903	81,864,365	6.49%
June 30, 2022.....	8,398,448	(4,575,468)	3,822,980	72,253,249	6.33%
June 30, 2021.....	9,247,744	(5,011,768)	4,235,976	70,836,518	7.08%
June 30, 2020.....	8,756,304	(5,333,376)	3,422,928	69,447,567	7.68%
June 30, 2019.....	8,469,671	(4,951,361)	3,518,310	65,123,251	7.60%
June 30, 2018.....	8,029,300	(4,470,248)	3,559,052	62,323,993	7.17%
June 30, 2017.....	18,361,449	(4,186,243)	14,175,206	59,585,746	7.03%

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 Belmont, Massachusetts

Schedule of the Electric Light's Contributions

Other Postemployment Benefit Plan

Last Eight Fiscal Years

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
December 31, 2023.....	\$ 325,715	\$ (166,035)	\$ 159,680	\$ 3,868,229	4.29%
December 31, 2022.....	329,624	(190,477)	139,147	3,747,337	5.08%
December 31, 2021.....	312,318	(168,855)	143,463	3,542,073	4.77%
December 31, 2020.....	416,940	(268,979)	147,961	3,392,464	7.93%
December 31, 2019.....	404,501	(251,593)	152,908	3,581,997	7.02%
December 31, 2018.....	194,521	(161,151)	33,370	3,320,698	4.85%
December 31, 2017.....	759,438	(151,990)	607,448	3,147,743	4.83%
December 31, 2016.....	759,438	(203,933)	555,505	2,737,637	7.45%

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 Belmont, Massachusetts
Schedule of Investment Returns
Other Postemployment Benefit Plan

Last Eight Fiscal Years

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
Town:	
June 30, 2024.....	9.55%
June 30, 2023.....	9.22%
June 30, 2022.....	3.08%
June 30, 2021.....	18.54%
June 30, 2020.....	1.51%
June 30, 2019.....	10.16%
June 30, 2018.....	0.17%
June 30, 2017.....	6.50%

Last Seven Fiscal Years

Light:	
December 31, 2023.....	4.11%
December 31, 2022.....	0.42%
December 31, 2021.....	16.58%
December 31, 2020.....	5.56%
December 31, 2019.....	15.24%
December 31, 2018.....	-1.75%
December 31, 2017.....	4.67%

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 Belmont, Massachusetts

Notes to Required Supplementary Information

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Select Board (the “Board”). The Board presents an annual budget to the representative Town meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The representative town meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between voted functions subsequent to the approval of the annual budget require a vote at a special Town meeting.

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

Generally, expenditures may not exceed the legal level of spending (salaries, expenses, and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Town meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original year 2024 approved budget authorized approximately \$154.4 million in appropriations and amounts carried forward from the prior year. There was an increase of \$2.9 million between the original and final adopted budgets as a result of supplemental appropriations voted during the year.

The Town Accountant’s office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised 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 year ended June 30, 2024, is presented on the following page.

Town of Belmont, Massachusetts

Notes to Required Supplementary Information

Net change in fund balance - budgetary basis.....	\$ (5,900,374)
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	1,780,190
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(77,123)
Net change in recording 60 day receipts.....	134,427
Recognition of revenue for on-behalf payments.....	11,319,482
Recognition of expenditures for on-behalf payments...	<u>(11,319,482)</u>
Net change in fund balance - GAAP basis.....	\$ <u>(4,062,880)</u>

NOTE B – PENSION PLAN

Pension Plan Schedules – Retirement System

A. Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the system’s total pension liability, changes in the system’s net position, and the ending net pension liability. It also demonstrates the plan’s net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Contributions

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

C. Schedule of Investment Return

The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Town of Belmont, Massachusetts

Notes to Required Supplementary Information

Pension Plan Schedules – Town and Electric Light

A. Schedules of the Town’s and Electric Light’s Proportionate Share of the Net Pension Liability

The Schedules of the Town’s and Electric Light’s Proportionate Share of the Net Pension Liability detail the allocated percentage of the net pension liability (asset), 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. Schedules of Town’s and Electric Light’s Contributions

Governmental employers 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 and Electric Light Department based on covered payroll.

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

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 revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions

- None.

E. Changes in Plan Provisions

- Pursuant to Chapter 269 of the Acts of 2022, the Board approved a one-time increase in the COLA from 3% to 5% effective July 1, 2022.

Town of Belmont, Massachusetts

Notes to Required Supplementary Information

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“The Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health and life insurance plans, which cover both active and retired members.

The Other Postemployment Benefit Plan

Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town’s Net Other Postemployment Benefit 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 other postemployment benefit liability as a percentage of covered employee payroll.

Schedule of Changes in the Electric Light’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Electric Light’s Net Other Postemployment Benefit 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 other postemployment benefit liability as a percentage of covered employee payroll.

Schedule of the Town’s Contributions

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 and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

Schedule of the Electric Light’s Contributions

The Schedule of the Electric Light’s Contributions includes the Light’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Light Plant is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

Town of Belmont, Massachusetts

Notes to Required Supplementary Information

Significant Actuarial Methods and Assumptions

Valuation date.....	June 30, 2023
Actuarial cost method.....	Entry Age Normal - Level Percentage of Payroll
Amortization method.....	Level percentage of payroll - payments increasing 3.00% per year
Remaining amortization period.....	24 years from July 1, 2023
Asset valuation method.....	Fair value
Wage inflation.....	3.00%
Investment rate of return.....	6.25% as of December 31, 2023 and December 31, 2022
Discount rate.....	Town - 6.18% as of June 30, 2024 and 6.02% as of June 30, 2023 Electric Light - 6.15% as of December 31, 2023 and 6.00% as of December 31, 2022
Salary increases.....	Groups 1/2 (excluding teachers): 6.00% decreasing over 9 years to an ultimate of 3.75%. Group 4: 7.00% decreasing over 8 years to an ultimate of 4.25%. Teachers: 7.50% decreasing over 20 years to an ultimate of 4.00%.
Health care trend rates.....	Medical (Non-Medicare): 7.00% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Medical (Medicare): 6.00% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Prescription Drug (Non-Medicare): 10.00% decreasing by 0.50% each year to an ultimate level of 4.50% per year. Prescription Drug (Medicare): 22.40%, 18.60%, 9.20%, then 8.50% decreasing by 0.50% each year to an ultimate level of 4.50% per year. Medicare Advantage: 9.60%, 12.30%, 7.40%, then 5.25% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Administrative Expenses: 3.00% per year Contributions: Retiree contributions are expected to increase with blended medical trend.
Mortality rates.....	Pre-Retirement (non-Teachers): RP-2014 Blue Collar Employee Mortality Table set forward one year for females and projected generationally with Scale MP-2021. Healthy (non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females and projected generationally with Scale MP-2021. Disabled (non-Teachers): RP-2014 Blue Collar Health Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021. Pre-Retirement (Teachers): Pub-2010 Teacher Employee Mortality Table (headcount weighted) projected generationally with Scale MP-2021. Healthy (Teachers): Pub-2010 Teacher Retiree Morality Table (headcount weighted) projected generationally with Scale MP-2021. Disabled (Teachers): Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale MP-2021.

Town of Belmont, Massachusetts

Notes to Required Supplementary Information

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.

Changes of Assumptions – Town & Light

- The per capita health costs and contributions were updated to reflect current experience.
- The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated.
- The per capita health cost trend assumptions were revised to reflect an estimate for the impact of the Inflation Reduction Act, current experience and future expectations.
- The mortality projection scale assumptions were updated.
- The life insurance coverage election for future retirees with medical coverage was updated.
- The Town's discount rate was increased from 6.02% as of June 30, 2023, to 6.18% as of June 30, 2024.
- The Light Plant's discount rate was increased from 6.00% as of December 31, 2022, to 6.15% as of December 31, 2023.

Changes in Plan Provisions – Town & Light

- None