

TOWN OF BELMONT, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2018

TOWN OF BELMONT, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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100 Quannapowitt Parkway
Suite 101

Wakefield, MA 01880

T. 781-914-1700

F. 781-914-1701

www.powersandsullivan.com

Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Belmont, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Belmont, Massachusetts, as of and for the year ended June 30, 2018 (except for the Belmont Contributory Retirement System which is as of and for the year ended December 31, 2017), and the related notes to the financial statements, which collectively comprise the Town of Belmont, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Belmont Municipal Light Plant as of December 31, 2017, which represent 55.7%, 33.7%, and 61.47%, respectively, of the assets, net position, and revenues 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 business-type activities of the Belmont Municipal Light Plant, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Belmont, Massachusetts, as of June 30, 2018 (except for the Belmont Contributory Retirement System and Municipal Light Plant which are as of and for the year ended December 31, 2017), 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.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2019, on our consideration of the Town of Belmont, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Powers + Sullivan, LLC

January 22, 2019

Management's Discussion and Analysis

Management's Discussion and Analysis

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, 2018.

The Town provides general government services for the territory within its boundaries, including police and fire protection, public education, water and sewer maintenance, trash disposal, electricity transmission and parks and recreational facilities.

Financial Summary

- The Town's assets exceeded its liabilities at the close of 2018 by \$37.7 million.
- The Town's total net position increased by \$28.8 million.
- At the end of year 2018, the unassigned fund balance for the general fund was \$18.7 million or 16.3% of general fund expenditures.
- At year end, the balance in the Town's Internal Service Fund totaled \$4.0 million, a decrease of \$1.3 million from the prior year due to higher than expected claim payments.
- This is the fourth year of the Town recording the liability associated with GASB Statement # 68, *Accounting and Financial Reporting for Pensions*. At year end, the pension liability totaled \$72.3 million. Please see Note 12 in the financial statements for further details.
- GASB Statement # 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), was implemented this year. Beginning net position of the governmental activities, the business-type activities and the enterprise funds has been revised to reflect the implementation of GASB Statement #75. The implementation of this standard required the calculation of the OPEB liability to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Based on the 2017 OPEB valuation, the largest changes were in plan assumptions, which decreased the liability by \$40.4 million; and in plan amendments, which decreased the liability by an additional \$18.7 million. Accordingly, the Town's net position as of June 30, 2017, has been revised to reflect these changes. (Please see pages 66 and 72 in Notes 13 and 17 respectfully for further details regarding the OPEB liability and the revised balances).

Overview of the Financial Statements

Our discussion and analysis of the Town 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. This analysis 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 of the Town's assets and deferred outflows and liabilities and deferred inflows, 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 of the Town 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 of the government-wide statement of activities distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, education, public works, human services, culture and recreation, community preservation and interest. The business-type activities of the Town include the water, sewer and light plant.

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 funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. The focus of the Town of Belmont'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 of Belmont'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.

The Town has implemented GASB #54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard changed the fund balance components to nonspendable, restricted, committed, assigned and unassigned. Additionally, under the new standard, the Town's general stabilization fund is reported within the general fund as unassigned while the Ash Landfill stabilization fund and the Special Education stabilization fund are reported within the general fund as committed.

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 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*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the Wellington School construction fund and the community preservation fund, which are the Town's major governmental funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation.

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 fund to demonstrate compliance with this budget.

Proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer systems and light plant activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer systems, the light plant activities and the internal service fund all of which are considered to be major funds of the Town.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: a pension trust fund, an other postemployment benefit trust, private purpose trust funds, and agency funds. Private purpose trust funds are used to account for trust arrangements that benefit individuals, private organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Town's agency fund accounts for primarily police off-duty details and school student activity funds.

The Town is the trustee, or fiduciary, for its employees' pension plan and other postemployment benefit plan. The Town's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the progress in funding its obligation to provide postemployment benefits to its employees.

Government-wide Financial Analysis

Governmental Activities

The Town is able to report positive balances in two out of three categories of net position. As noted below, liabilities and deferred inflows exceeded assets and deferred outflows by \$16.0 million at the close of the most recent year.

	2018	2017 (As Revised)
Assets:		
Current assets.....	\$ 75,424,996	\$ 67,520,263
Capital assets, net of accumulated depreciation.....	148,388,898	145,645,779
Total assets.....	223,813,894	213,166,042
Deferred outflows of resources.....	7,154,294	7,391,183
Liabilities:		
Current liabilities (excluding debt).....	5,393,447	3,839,701
Noncurrent liabilities (excluding debt).....	162,463,718	213,739,751
Current debt.....	3,413,988	3,172,780
Noncurrent debt.....	35,385,209	36,066,972
Total liabilities.....	206,656,362	256,819,204
Deferred inflows of resources.....	40,347,754	3,661,710
Net position:		
Net investment in capital assets.....	117,729,638	115,212,913
Restricted.....	10,484,549	7,196,811
Unrestricted.....	(144,250,115)	(162,333,413)
Total net position.....	\$ (16,035,928)	\$ (39,923,689)

A significant portion of the Town's net position, \$117.7 million, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), 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.

Beginning net position of the governmental activities has been revised to reflect the implementation of GASB Statement #75. The implementation of this standard required the beginning net position to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45. Accordingly, previously reported net position of \$1.4 million has been revised and totals a deficit balance of \$39.9 million (see note 17).

An additional portion of the Town's net position, \$10.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position of \$144.3 million is due to the recognition of the Other Postemployment Benefits liability in the amount of \$90.7 million and the Net Pension liability in the amount of \$62.4 million.

The governmental activities net position increased by \$23.5 million in the current year. The increase was primarily due to the recognition of an \$18.5 million net decrease in the Town's other postemployment liability and related deferred inflows/outflows due to changes in assumptions and plan provisions, the receipt of \$1.1 million of capital grants related to community preservation, Chapter 90 and MSBA reimbursements for school projects, a \$1.0 million surplus in the Community Preservation Fund, the timing of the expenditure of grant funds versus the actual receipt of the grant proceeds, and the Town's ability to fund capital additions (approximately \$3.2 million)

from current year revenues. These increases were offset by a net increase of \$685 thousand related to the net pension liability and its associated deferred inflows and outflows.

Key elements of the change in net position are as follows:

	2018	2017 (As Revised)
Program Revenues:		
Charges for services.....	\$ 8,849,037	\$ 7,695,202
Operating grants and contributions.....	22,541,916	21,459,469
Capital grants and contributions.....	1,101,503	1,236,604
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	87,347,268	85,316,394
Tax and other liens.....	765,454	55,060
Motor vehicle and other excise taxes.....	3,805,072	3,687,640
Community preservation tax.....	1,169,732	1,105,107
Penalties and interest on taxes.....	345,150	213,158
Grants and contributions not restricted to specific programs.....	2,608,676	2,520,910
Unrestricted investment income.....	3,327,702	1,039,028
Gain (loss) on sale of capital assets.....	-	999,877
Total revenues.....	131,861,510	125,328,449
Expenses:		
General government.....	7,357,180	10,488,648
Public safety.....	14,375,445	24,811,843
Education.....	65,218,557	77,006,696
Public works.....	15,106,311	12,674,331
Health and human services.....	1,299,050	1,652,610
Culture and recreation.....	4,038,719	4,221,071
Interest.....	1,390,962	1,486,672
Total expenses.....	108,786,224	132,341,871
Excess (Deficiency) before transfers.....	23,075,286	(7,013,422)
Transfers.....	812,475	949,000
Change in net position.....	23,887,761	(6,064,422)
Net position, beginning of year (as revised).....	(39,923,689)	(33,859,267)
Net position, end of year.....	\$ (16,035,928)	\$ (39,923,689)

Business-type activities

Combined business-type activities net position increased by \$4.9 million in the current year. The following table identifies key elements of the enterprise operations:

	2018	2017 (As Revised)
Assets:		
Current assets.....	\$ 38,428,085	\$ 69,286,806
Noncurrent assets (excluding capital).....	13,370,771	12,581,915
Capital assets, net of accumulated depreciation.....	63,881,750	60,835,150
Total assets.....	115,680,606	142,703,871
Deferred outflows of resources.....	1,979,617	1,611,194
Liabilities:		
Current liabilities (excluding debt).....	2,643,060	7,737,556
Noncurrent liabilities (excluding debt).....	16,787,710	17,351,313
Current debt.....	2,619,620	30,092,879
Noncurrent debt.....	36,884,847	36,829,469
Total liabilities.....	58,935,237	92,011,217
Deferred inflows of resources.....	4,974,944	3,472,365
Net position:		
Net investment in capital assets.....	39,687,652	41,034,753
Restricted.....	8,567,511	8,125,599
Unrestricted.....	5,494,879	(328,869)
Total net position.....	\$ 53,750,042	\$ 48,831,483
	2018	2017 (As Revised)
Program Revenues:		
Charges for services.....	\$ 40,728,595	\$ 39,621,181
Operating grants and contributions.....	15,000	333,436
General Revenues:		
Unrestricted investment income.....	295,229	227,622
Total revenues.....	41,038,824	40,182,239
Expenses:		
Water.....	5,215,454	5,589,848
Sewer.....	7,652,133	7,753,949
Municipal Light.....	22,440,203	21,519,515
Total expenses.....	35,307,790	34,863,312
Excess (Deficiency) before transfers.....	5,731,034	5,318,927
Transfers.....	(812,475)	(949,000)
Change in net position.....	4,918,559	4,369,927
Net position, beginning of year (as revised).....	48,831,483	44,461,556
Net position, end of year.....	\$ 53,750,042	\$ 48,831,483

Beginning net position of the business-type activities has been revised to reflect the implementation of GASB Statement #75. The implementation of this standard required the beginning net position to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45. Accordingly, previously reported net position of \$48.7 million has been revised and totals \$48.8 million (see note 17).

Financial Analysis of the Town's 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 \$57.6 million comprised of \$25.6 million in the general fund, \$641 thousand in the Wellington School construction fund, \$4.1 million in the Community Preservation fund, and \$27.2 million in the nonmajor governmental funds. Overall fund balance increased by \$5.1 million in year 2018. This was primarily due to a budgetary surplus in the general fund, a surplus of \$1 million in the Community Preservation Fund, and the timing of the expenditure of grant funds versus the actual receipt of grant proceeds and activity of the Community Preservation Fund.

The general fund is the chief operating fund. At the end of the current year, the unassigned fund balance of the general fund was \$18.7 million, while the total fund balance was \$25.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.3% of general fund budgetary expenditures, while total fund balance represents 22.3% of that same amount. During 2018, the fund balance of the general fund increased by \$816 thousand. The change was primarily due to better than expected collections along with the Town's ability to control operating costs offset by the use of available funds to finance capital expenditures.

The Wellington School construction fund is used to account for the activities related to the construction of the new school building. During 2018, the Town spent \$200 thousand on the project. At June 30, 2018, the fund has a balance of \$641 thousand. The project is essentially complete and punch list items are being addressed.

The community preservation fund had a fund balance at June 30, 2018, of \$4.1 million, which is made up of \$2 million committed for future projects and \$2.1 million available for future appropriation. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose up to a 3% surcharge on property taxes, although currently the Town only charges 1.5%, and to receive matching state grant funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The fund increased by \$1.0 million during 2018 due to the receipt of both state grants and the tax surcharges, offset by \$330 thousand of project related expenditures.

Financial Analysis of Proprietary Funds

The Water, Sewer and Light funds maintained positive results of operations and demonstrated the ability to recover all costs from rates.

The net position of the water fund increased \$1.5 million in the current year. The increase is due to principal payments on long-term debt exceeding depreciation by \$364 thousand and a decrease in the other postemployment liability of \$835 thousand.

The net position of the sewer fund increased \$1.3 million in the current year. The increase is due to principal payments exceeding depreciation by \$112 thousand and the ability to fund current year capital additions with current revenues of \$440 thousand, as well as a decrease in overall operating costs.

The light department experienced an overall increase of \$2.2 million in net position. The increase is related to a decrease in overall operating costs, along with an increase in the sale of electricity.

The internal service fund had an ending fund balance of \$4.0 million, which represents a decrease of \$1.3 million over the prior year. Claim payments exceeded contributions by \$1.4 million and the fund earned \$107 thousand in investment earnings.

General Fund Budgetary Highlights

There was a net increase of \$1.4 million between the original and final adopted budgets. This increase primarily relates to free cash appropriations for a transfer to the general stabilization fund and transfers to various capital projects funds for capital related projects.

Capital Asset and Debt Administration

Capital Asset Administration

The Town of Belmont's investment in capital assets for its governmental and business type activities as of June 30, 2018, amounted to \$212.3 million (net of depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, machinery and equipment, vehicles, and infrastructure assets. The Town's major capital projects relate to the Underwood Pool Construction, the purchase of public safety vehicles, paving, Belmont Center project, Wellington School project, and various other infrastructure projects.

In conjunction with the 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 over \$2 million per year from current-year appropriations for capital projects.

The Belmont High School project for \$295,159,189, was approved by the Belmont Voters as a Debt Exclusion Vote on November 6, 2018. Subsequently, Town Meeting authorized the exclusion by a vote on November 13, 2018. The Board of Selectmen approved the financing on January 7, 2019.

The total cost of the project is \$295,159,189. On May 4, 2016, at a Special Town Meeting, \$1,750,000 was appropriated for design and demolition work. The Special Town Meeting on November 13, 2018, approved the project and appropriation for \$293,409,189, in addition to the \$1,750,000. On January 11, 2019, the Board of Selectmen approved financing for \$212,764,911 which was net of the prior appropriation of \$1,750,000 and the August 29, 2018, approved Massachusetts School Business Authority's grant of \$80,644,278.

Debt Administration

Outstanding governmental bonded long-term debt, as of June 30, 2018, totaled \$37.1 million of which \$23.6 million relates to various School construction projects and purchases, \$6.7 million of refunding bonds, \$1.6 million relates to the senior center project, \$830 thousand relates to the purchase of fire vehicles, \$570 thousand relates to Harris Field repairs, \$2.2 million relates to the Underwood Pool construction, \$1.0 million relates to Town center

construction, leaving a balance of \$600 thousand for other CIP projects. The enterprise funds have \$5.4 million in water debt and \$9.4 million in sewer debt, all of which are fully supported by the rates.

The Town issued \$2.4 million of long term debt in relation to the modular classroom project and \$2.5 million in new water debt.

The Town has an “Aaa” rating from Moody’s for general obligation debt.

Light Department

The Light Department also has \$23.1 million of long-term debt outstanding.

Please refer to notes 4, 7, and 8 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 2-1/2” limits the property tax levy to an amount equal to 2-1/2% of the value of all taxable property in the Town. A secondary limitation is that no levy in a year may exceed the preceding year’s allowable tax levy by more than 2-1/2%, plus taxes levied on certain property newly added to the tax rolls. Certain Proposition 2-1/2 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 2-1/2 limitations.

The Town collects 99% of its property tax billings in the year billed. Property taxes billed were \$89.7 million in 2018, which was a \$4 million increase from the prior year. \$2 million of this increase is the product of the certified new growth of the Town. Within this levy approximately \$3.6 million of previous debt exclusions were paid off.

The Town continues to experience growth in residential renovation and development. In year 2018, 935 building permits were issued, resulting in \$804,000 in permit fees and realizing \$54.2 million in taxable value. This activity has produced new growth tax revenue, which is exempt from the limitation imposed by Proposition 2 ½. For year 2018, the Town realized \$2 million in new taxes from this source.

The unemployment rate for Belmont as of October 2018 was 2.9% compared to the state figure of 3.5% and the nationwide figure of 3.7%.

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.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 50,035,663	\$ 29,120,283	\$ 79,155,946
Investments.....	20,946,796	-	20,946,796
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,033,333	-	1,033,333
Real estate tax deferrals.....	-	-	-
Tax liens.....	1,377,812	70,998	1,448,810
Motor vehicle and other excise taxes.....	205,975	-	205,975
User charges.....	-	6,978,127	6,978,127
Departmental and other.....	452,641	-	452,641
Intergovernmental.....	1,086,128	-	1,086,128
Community preservation state share.....	150,000	-	150,000
Inventory.....	136,648	547,183	683,831
Other assets.....	-	27,938	27,938
Purchased power advanced deposits.....	-	1,683,556	1,683,556
Total current assets.....	75,424,996	38,428,085	113,853,081
NONCURRENT:			
Restricted cash and cash equivalents.....	-	13,370,771	13,370,771
Capital assets, nondepreciable.....	17,290,220	4,318,327	21,608,547
Capital assets, net of accumulated depreciation.....	131,098,678	59,563,423	190,662,101
Total noncurrent assets.....	148,388,898	77,252,521	225,641,419
TOTAL ASSETS.....	223,813,894	115,680,606	339,494,500
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	145,923	-	145,923
Deferred outflows related to pensions.....	7,008,371	1,979,617	8,987,988
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	7,154,294	1,979,617	9,133,911
LIABILITIES			
CURRENT:			
Warrants payable.....	2,642,400	2,004,976	4,647,376
Health claims payable.....	1,700,000	-	1,700,000
Tax refunds payable.....	245,404	-	245,404
Accrued interest.....	517,531	85,046	602,577
Other liabilities.....	131,082	-	131,082
Customer deposits.....	-	535,922	535,922
Landfill closure.....	79,000	-	79,000
Compensated absences.....	78,030	17,116	95,146
Bonds payable.....	3,413,988	2,619,620	6,033,608
Total current liabilities.....	8,807,435	5,262,680	14,070,115
NONCURRENT:			
Landfill closure.....	7,829,000	-	7,829,000
Compensated absences.....	1,482,569	325,201	1,807,770
Net pension liability.....	62,446,673	9,838,924	72,285,597
Other postemployment benefits.....	90,705,476	6,623,585	97,329,061
Bonds payable.....	35,385,209	36,884,847	72,270,056
Total noncurrent liabilities.....	197,848,927	53,672,557	251,521,484
TOTAL LIABILITIES.....	206,656,362	58,935,237	265,591,599
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	4,813,740	-	4,813,740
Contribution in aid of construction, net of amortization.....	-	696,187	696,187
Rate stabilization reserve.....	-	3,038,620	3,038,620
Deferred inflows related to pensions.....	3,908,929	509,862	4,418,791
Deferred inflows related to other postemployment benefits.....	31,625,085	730,275	32,355,360
TOTAL DEFERRED INFLOWS OF RESOURCES.....	40,347,754	4,974,944	45,322,698
NET POSITION			
Net investment in capital assets.....	117,729,638	39,687,652	157,417,290
Restricted for:			
Depreciation.....	-	8,567,511	8,567,511
Permanent funds:			
Expendable.....	3,545,021	-	3,545,021
Nonexpendable.....	3,285,642	-	3,285,642
Other purposes.....	3,653,886	-	3,653,886
Unrestricted.....	(144,250,115)	5,494,879	(138,755,236)
TOTAL NET POSITION.....	\$ (16,035,928)	\$ 53,750,042	\$ 37,714,114

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 7,357,180	\$ 1,225,235	\$ 249,452	\$ 794	\$ (5,881,699)
Public safety.....	14,375,445	1,147,233	119,901	-	(13,108,311)
Education.....	65,218,557	4,174,625	21,752,052	399,974	(38,891,906)
Public works.....	15,106,311	1,525,085	74,244	542,443	(12,964,539)
Health and human services.....	1,299,050	178,491	218,532	-	(902,027)
Culture and recreation.....	4,038,719	598,368	127,735	-	(3,312,616)
Community preservation.....	-	-	-	158,292	158,292
Interest.....	1,390,962	-	-	-	(1,390,962)
Total Governmental Activities.....	108,786,224	8,849,037	22,541,916	1,101,503	(76,293,768)
<i>Business-Type Activities:</i>					
Water.....	5,215,454	6,712,530	-	-	1,497,076
Sewer.....	7,652,133	9,045,100	-	-	1,392,967
Municipal Light.....	22,440,203	24,970,965	15,000	-	2,545,762
Total Business-Type Activities.....	35,307,790	40,728,595	15,000	-	5,435,805
Total Primary Government.....	\$ 144,094,014	\$ 49,577,632	\$ 22,556,916	\$ 1,101,503	\$ (70,857,963)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(76,293,768)	\$ 5,435,805	\$ (70,857,963)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	87,347,268	-	87,347,268
Tax and other liens.....	765,454	-	765,454
Motor vehicle and other excise taxes.....	3,805,072	-	3,805,072
Community preservation tax.....	1,169,732	-	1,169,732
Penalties and interest on taxes.....	345,150	-	345,150
Grants and contributions not restricted to specific programs.....	2,608,676	-	2,608,676
Unrestricted investment income.....	3,327,702	295,229	3,622,931
<i>Transfers, net</i>	<u>812,475</u>	<u>(812,475)</u>	<u>-</u>
Total general revenues and transfers.....	<u>100,181,529</u>	<u>(517,246)</u>	<u>99,664,283</u>
Change in net position.....	23,887,761	4,918,559	28,806,320
<i>Net position:</i>			
Beginning of year (as revised).....	<u>(39,923,689)</u>	<u>48,831,483</u>	<u>8,907,794</u>
End of year..... \$	<u><u>(16,035,928)</u></u>	<u><u>53,750,042</u></u>	<u><u>\$ 37,714,114</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2018

	General	Wellington School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 24,973,504	\$ 699,753	\$ 1,229,347	\$ 17,406,399	\$ 44,309,003
Investments.....	6,835,859	-	3,031,825	11,079,112	20,946,796
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,028,158	-	5,175	-	1,033,333
Tax liens.....	1,377,812	-	-	-	1,377,812
Motor vehicle and other excise taxes.....	205,975	-	-	-	205,975
Departmental and other.....	433,516	-	-	19,125	452,641
Intergovernmental.....	-	-	-	1,086,128	1,086,128
Community preservation state share.....	-	-	150,000	-	150,000
TOTAL ASSETS.....	\$ 34,854,824	\$ 699,753	\$ 4,416,347	\$ 29,590,764	\$ 69,561,688
LIABILITIES					
Warrants payable.....	\$ 1,263,937	\$ 58,663	\$ 64,903	\$ 1,254,897	\$ 2,642,400
Tax refunds payable.....	245,404	-	-	-	245,404
Other liabilities.....	131,082	-	-	-	131,082
TOTAL LIABILITIES.....	1,640,423	58,663	64,903	1,254,897	3,018,886
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	4,746,465	-	67,275	-	4,813,740
Unavailable revenue.....	2,854,059	-	155,176	1,104,258	4,113,493
TOTAL DEFERRED INFLOWS OF RESOURCES.....	7,600,524	-	222,451	1,104,258	8,927,233
FUND BALANCES					
Nonspendable.....	-	-	-	3,285,642	3,285,642
Restricted.....	-	641,090	4,128,993	23,945,967	28,716,050
Committed.....	3,529,598	-	-	-	3,529,598
Assigned.....	3,423,780	-	-	-	3,423,780
Unassigned.....	18,660,499	-	-	-	18,660,499
TOTAL FUND BALANCES.....	25,613,877	641,090	4,128,993	27,231,609	57,615,569
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 34,854,824	\$ 699,753	\$ 4,416,347	\$ 29,590,764	\$ 69,561,688

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2018

Total governmental fund balances.....	\$ 57,615,569
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	148,388,898
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	4,113,493
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.....	(28,525,643)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	4,026,660
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(517,531)
Inventory is capitalized in the Statement of Activities.....	136,648
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(38,799,197)
Net pension liability.....	(62,446,673)
Other postemployment benefits.....	(90,705,476)
Landfill closure.....	(7,908,000)
Compensated absences.....	(1,560,599)
Net effect of reporting long-term liabilities.....	<u>(201,419,945)</u>
In the statement of activities, deferred losses are reported for refundings of debt, which are amortized over the shorter of the remaining life of the refunding bonds or refunded bonds. In governmental funds, defeasances of debt are expensed when the refunding bonds are issued.....	<u>145,923</u>
Net position of governmental activities.....	<u>\$ (16,035,928)</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2018

	General	Wellington School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 87,789,302	\$ -	\$ -	\$ -	\$ 87,789,302
Tax liens.....	411,019	-	-	-	411,019
Motor vehicle and other excise taxes.....	3,776,555	-	-	-	3,776,555
Charges for services.....	2,524,479	-	-	-	2,524,479
Penalties and interest on taxes.....	345,150	-	-	-	345,150
Licenses and permits.....	1,562,711	-	-	-	1,562,711
Fines and forfeitures.....	238,726	-	-	-	238,726
Intergovernmental - Teachers Retirement.....	9,961,660	-	-	-	9,961,660
Intergovernmental - other.....	10,297,166	-	-	5,536,354	15,833,520
Departmental and other.....	-	-	-	4,627,505	4,627,505
Community preservation taxes.....	-	-	1,145,293	-	1,145,293
Community preservation state match.....	-	-	189,960	-	189,960
Contributions and donations.....	-	-	-	311,174	311,174
Investment income.....	532,051	-	29,207	2,659,068	3,220,326
Miscellaneous.....	-	-	-	3,746	3,746
TOTAL REVENUES.....	117,438,819	-	1,364,460	13,137,847	131,941,126
EXPENDITURES:					
Current:					
General government.....	3,840,028	-	127,304	520,632	4,487,964
Public safety.....	13,890,015	-	-	1,833,301	15,723,316
Education.....	54,006,423	199,974	3,500	9,809,939	64,019,836
Public works.....	13,054,254	-	-	2,740,753	15,795,007
Health and human services.....	923,842	-	-	170,953	1,094,795
Culture and recreation.....	3,114,340	-	198,495	159,955	3,472,790
Pension benefits.....	7,345,620	-	-	4,240	7,349,860
Pension benefits - Teachers Retirement.....	9,961,660	-	-	-	9,961,660
Employee benefits.....	2,229,910	-	-	-	2,229,910
State and county charges.....	1,782,753	-	-	-	1,782,753
Debt service:					
Principal.....	3,043,135	-	-	-	3,043,135
Interest.....	1,457,752	-	-	-	1,457,752
TOTAL EXPENDITURES.....	114,649,732	199,974	329,299	15,239,773	130,418,778
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	2,789,087	(199,974)	1,035,161	(2,101,926)	1,522,348
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	-	2,426,000	2,426,000
Premium from issuance of bonds.....	-	-	-	306,227	306,227
Transfers in.....	1,245,797	-	-	3,218,600	4,464,397
Transfers out.....	(3,218,600)	-	-	(433,322)	(3,651,922)
TOTAL OTHER FINANCING SOURCES (USES)....	(1,972,803)	-	-	5,517,505	3,544,702
NET CHANGE IN FUND BALANCES.....	816,284	(199,974)	1,035,161	3,415,579	5,067,050
FUND BALANCES AT BEGINNING OF YEAR.....	24,797,593	841,064	3,093,832	23,816,030	52,548,519
FUND BALANCES AT END OF YEAR.....	\$ 25,613,877	\$ 641,090	\$ 4,128,993	\$ 27,231,609	\$ 57,615,569

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds.....	\$	5,067,050
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay.....	6,851,741	
Depreciation expense.....	<u>(4,556,718)</u>	
Net effect of reporting capital assets.....		2,295,023
Governmental funds report inventories as expenditures. However in the Statement of Activities the cost of those assets is capitalized and expensed when depleted.....		
		(34,292)
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.....		
		319,941
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.		
Issuance of bonds.....	(2,426,000)	
Premium from issuance of bonds.....	(306,227)	
Net amortization of premium from issuance of bonds.....	129,647	
Net change in deferred charge on refunding.....	(55,793)	
Debt service principal payments.....	<u>3,043,135</u>	
Net effect of reporting long-term debt.....		384,762
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences accrual.....	(27,838)	
Net change in accrued interest on long-term debt.....	(7,064)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(2,497,789)	
Net change in net pension liability.....	1,812,968	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	(31,625,085)	
Net change in other postemployment benefits liability.....	50,080,512	
Net change in landfill closure.....	<u>(597,000)</u>	
Net effect of recording long-term liabilities.....		17,138,704
The net activity of internal service funds is reported with Governmental Activities.....		
		<u>(1,283,427)</u>
Change in net position of governmental activities.....	\$	<u><u>23,887,761</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2018

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Electric Light December 31, 2017	Total	Governmental Activities - Internal Service Fund
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 6,345,723	\$ 5,157,627	\$ 17,616,933	\$ 29,120,283	\$ 5,726,660
Receivables, net of allowance for uncollectibles:					
Liens - user charges.....	29,798	41,200	-	70,998	-
User charges.....	2,255,745	3,049,803	1,672,579	6,978,127	-
Inventory.....	149,166	11,963	386,054	547,183	-
Other assets.....	-	-	27,938	27,938	-
Purchased power advanced deposits.....	-	-	1,683,556	1,683,556	-
Total current assets.....	8,780,432	8,260,593	21,387,060	38,428,085	5,726,660
NONCURRENT:					
Restricted cash and cash equivalents.....	-	-	13,370,771	13,370,771	-
Capital assets, non depreciable.....	42,242	-	4,276,085	4,318,327	-
Capital assets, net of accumulated depreciation.....	16,930,220	23,203,046	19,430,157	59,563,423	-
Total noncurrent assets.....	16,972,462	23,203,046	37,077,013	77,252,521	-
TOTAL ASSETS.....	25,752,894	31,463,639	58,464,073	115,680,606	5,726,660
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions.....	343,078	134,760	1,501,779	1,979,617	-
LIABILITIES					
CURRENT:					
Warrants payable.....	398,413	19,041	1,587,522	2,004,976	-
Accrued interest.....	-	85,046	-	85,046	-
Customer deposits.....	-	-	535,922	535,922	-
Claims and judgments.....	-	-	-	-	1,700,000
Compensated absences.....	2,613	3,780	10,723	17,116	-
Bonds payable.....	797,863	641,819	1,179,938	2,619,620	-
Total current liabilities.....	1,198,889	749,686	3,314,105	5,262,680	1,700,000
NONCURRENT:					
Compensated absences.....	49,643	71,828	203,730	325,201	-
Net pension liability.....	2,120,060	1,252,546	6,466,318	9,838,924	-
Other postemployment benefits.....	991,041	1,103,496	4,529,048	6,623,585	-
Bonds payable.....	4,758,732	8,737,603	23,388,512	36,884,847	-
Total noncurrent liabilities.....	7,919,476	11,165,473	34,587,608	53,672,557	-
TOTAL LIABILITIES.....	9,118,365	11,915,159	37,901,713	58,935,237	1,700,000
DEFERRED INFLOWS OF RESOURCES					
Contribution in aid of construction, net of amortization.....	-	-	696,187	696,187	-
Rate stabilization reserve.....	-	-	3,038,620	3,038,620	-
Deferred inflows related to pensions.....	171,375	98,580	239,907	509,862	-
Deferred inflows related to other postemployment benefits.....	345,533	384,742	-	730,275	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	516,908	483,322	3,974,714	4,974,944	-
NET POSITION					
Net investment in capital assets.....	12,364,427	14,655,541	12,667,684	39,687,652	-
Restricted for:					
Depreciation.....	-	-	8,567,511	8,567,511	-
Unrestricted.....	4,096,272	4,544,377	(3,145,770)	5,494,879	4,026,660
TOTAL NET POSITION.....	\$ 16,460,699	\$ 19,199,918	\$ 18,089,425	\$ 53,750,042	\$ 4,026,660

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light December 31, 2017	Total	
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 3,545,552
Employer contributions.....	-	-	-	-	11,458,300
Charges for services.....	6,712,530	9,045,426	24,415,957	40,173,913	-
Other.....	-	-	555,008	555,008	580,516
TOTAL OPERATING REVENUES	6,712,530	9,045,426	24,970,965	40,728,921	15,584,368
OPERATING EXPENSES:					
Cost of services and administration.....	4,861,176	6,913,421	20,603,895	32,378,492	-
Depreciation.....	332,015	524,622	1,228,053	2,084,690	-
Employee benefits.....	-	-	-	-	16,975,171
TOTAL OPERATING EXPENSES.....	5,193,191	7,438,043	21,831,948	34,463,182	16,975,171
OPERATING INCOME (LOSS).....	1,519,339	1,607,383	3,139,017	6,265,739	(1,390,803)
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	27,763	10,699	256,441	294,903	107,376
Interest expense.....	(22,263)	(214,090)	(608,255)	(844,608)	-
Intergovernmental - other.....	-	-	15,000	15,000	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	5,500	(203,391)	(336,814)	(534,705)	107,376
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	1,524,839	1,403,992	2,802,203	5,731,034	(1,283,427)
TRANSFERS:					
Transfers in.....	144,000	-	-	144,000	-
Transfers out.....	(170,150)	(136,325)	(650,000)	(956,475)	-
TOTAL TRANSFERS.....	(26,150)	(136,325)	(650,000)	(812,475)	-
CHANGE IN NET POSITION.....	1,498,689	1,267,667	2,152,203	4,918,559	(1,283,427)
NET POSITION AT BEGINNING OF YEAR (as revised).....	14,962,010	17,932,251	15,937,222	48,831,483	5,310,087
NET POSITION AT END OF YEAR.....	\$ 16,460,699	\$ 19,199,918	\$ 18,089,425	\$ 53,750,042	\$ 4,026,660

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light December 31, 2017	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 6,692,178	\$ 9,084,980	\$ 25,504,663	\$ 41,281,821	\$ 3,545,552
Receipts from interfund services provided.....	-	-	-	-	12,038,816
Payments to vendors.....	(5,037,331)	(7,480,767)	(16,678,146)	(29,196,244)	-
Payments to employees.....	325,945	394,505	(3,147,743)	(2,427,293)	-
Payments for benefits.....	-	-	(1,798,556)	(1,798,556)	-
Payment in lieu of taxes.....	-	-	(650,000)	(650,000)	-
Payments for interfund services used.....	-	-	-	-	(16,975,171)
NET CASH FROM OPERATING ACTIVITIES.....	1,980,792	1,998,718	3,230,218	7,209,728	(1,390,803)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in.....	144,000	-	-	144,000	-
Transfers out.....	(170,150)	(136,325)	-	(306,475)	-
Grant Income.....	-	-	17,146	17,146	-
Grant Expense.....	-	-	(2,146)	(2,146)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(26,150)	(136,325)	15,000	(147,475)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds.....	2,531,000	-	-	2,531,000	-
Premium from the issuance of bonds.....	144,000	-	-	144,000	-
Acquisition and construction of capital assets.....	(1,642,658)	(439,869)	(7,122,080)	(9,204,607)	-
Principal payments on bonds and notes.....	(696,357)	(636,434)	(28,645,000)	(29,977,791)	-
Contribution in aid of construction.....	-	-	287,870	287,870	-
Interest expense.....	(22,264)	(219,869)	(835,082)	(1,077,215)	-
Proceeds from sale of capital assets.....	-	-	1,249,891	1,249,891	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	313,721	(1,296,172)	(35,064,401)	(36,046,852)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income.....	27,763	10,699	70,774	109,236	107,376
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	2,296,126	576,920	(31,748,409)	(28,875,363)	(1,283,427)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	4,049,597	4,580,707	62,736,113	71,366,417	7,010,087
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 6,345,723	\$ 5,157,627	\$ 30,987,704	\$ 42,491,054	\$ 5,726,660
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 1,519,339	\$ 1,607,383	\$ 3,139,017	\$ 6,265,739	\$ (1,390,803)
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	332,015	524,622	1,236,273	2,092,910	-
Deferred (outflows)/inflows related to pensions.....	(116,961)	82,620	(313,951)	(348,292)	-
Deferred (outflows)/inflows related to other postemployment benefits.....	345,533	384,742	-	730,275	-
Deferred (outflows)/inflows related to rate stabilization reserve.....	-	-	315,697	315,697	-
Amortization of contribution in aid of construction.....	-	-	(8,220)	(8,220)	-
Allowance for doubtful accounts.....	-	-	17,299	17,299	-
Liens - user charges.....	11,117	27,788	-	38,905	-
User charges.....	(31,469)	11,766	182,422	162,719	-
Payment in lieu of taxes.....	-	-	(650,000)	(650,000)	-
Inventory.....	(15,218)	-	-	(15,218)	-
Other assets.....	-	-	(53,170)	(53,170)	-
Purchased power advanced deposits.....	-	-	(8,964)	(8,964)	-
Warrants payable.....	365,693	19,043	(349,481)	35,255	-
Accrued expenses.....	-	-	(679,108)	(679,108)	-
Customer deposits.....	-	-	18,280	18,280	-
Prepaid expenses.....	-	-	36,165	36,165	-
Compensated absences.....	(19,588)	9,763	-	(9,825)	-
Net pension liability.....	137,506	(59,744)	(145,453)	(67,691)	-
Other postemployment benefits.....	(547,175)	(609,265)	493,412	(663,028)	-
Total adjustments.....	461,453	391,335	91,201	943,989	-
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,980,792	\$ 1,998,718	\$ 3,230,218	\$ 7,209,728	\$ (1,390,803)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Pension and Other Postemployment Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 2,544,309	\$ 351,634	\$ 257,246
Investments:			
Other investments.....	105,866,481	517,487	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	162,303
Intergovernmental.....	4,094,011	-	-
Interest and dividends.....	1,437	-	-
TOTAL ASSETS	<u>112,506,238</u>	<u>869,121</u>	<u>419,549</u>
LIABILITIES			
Warrants payable.....	46,851	-	-
Liabilities due depositors.....	-	-	257,246
Deferred revenue.....	-	-	162,303
TOTAL LIABILITIES	<u>46,851</u>	<u>-</u>	<u>419,549</u>
NET POSITION			
Restricted for pensions.....	108,963,549	-	-
Restricted for other postemployment benefits.....	3,495,838	-	-
Held in trust for other purposes.....	-	869,121	-
TOTAL NET POSITION	<u>\$ 112,459,387</u>	<u>\$ 869,121</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2018

	Pension and Other Postemployment Benefit Trust Funds	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 9,399,417	\$ -
Employer contributions for other postemployment benefit payments....	3,856,996	-
Member contributions.....	2,665,509	-
Retirement benefits - transfers from other systems.....	564,697	-
Private donations.....	-	53,555
Intergovernmental.....	48,858	-
	<u>16,535,477</u>	<u>53,555</u>
Total contributions.....		
	<u>16,535,477</u>	<u>53,555</u>
Net investment income:		
Investment income.....	2,110,899	37,341
Net change in fair value of investments.....	11,612,149	-
Less: investment expense.....	(512,441)	-
	<u>13,210,607</u>	<u>37,341</u>
Net investment income (loss).....		
	<u>13,210,607</u>	<u>37,341</u>
TOTAL ADDITIONS.....	<u>29,746,084</u>	<u>90,896</u>
DEDUCTIONS:		
Administration.....	323,187	-
Retirement benefits - transfers to other systems.....	613,555	-
Retirement benefits - 3(8)c transfer to other systems.....	435,716	-
Retirement benefits and refunds.....	10,920,929	-
Other postemployment benefit payments.....	3,856,996	-
Educational scholarships.....	-	72,900
	<u>16,150,383</u>	<u>72,900</u>
TOTAL DEDUCTIONS.....		
	<u>16,150,383</u>	<u>72,900</u>
NET INCREASE (DECREASE) IN NET POSITION.....	13,595,701	17,996
NET POSITION AT BEGINNING OF YEAR.....	<u>98,863,686</u>	<u>851,125</u>
NET POSITION AT END OF YEAR.....	<u>\$ 112,459,387</u>	<u>\$ 869,121</u>

See notes to basic financial statements.

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 Board of Selectmen with staggered three year terms. The Selectmen have the general direction and management of the property 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 has responsibility 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, the Treasurer, the Board of Assessors, and the School Committee) and all other Officials, Boards, Commissions, and Committees. A principal duty of the Administrator and Town Administration is Town-wide coordination of the Town's 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. The Town Meeting assembles annually to legislate policy and budgets for the local government.

For financial reporting purposes, the Town has included reporting on Government Activities (i.e. general government), Business-type Activities (i.e. Water, Sewer, and Light services), and Fiduciary Activities (i.e. Trusteeships for the Pension and Other Postemployment Benefits funds, which are restricted to their intended purposes). 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 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 and the 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 Board of Selectmen 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.

Availability of Financial Information for Component Units

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 Town Hall, 455 Concord Ave, 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 the statement of changes in net position) 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.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the 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.

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 *Wellington School construction fund* accounts for activity related to the construction of the new Wellington School.

The *community preservation fund* is used to account for funds held for uses restricted by law for community preservation purposes. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose up to a 3% surcharge, (currently Town only charges 1.5%), on property taxes and to receive matching state grant funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing.

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

The *special revenue fund* is used to account for the proceeds of specific revenue sources 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.

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

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 *light enterprise fund* is used to account for the Town's 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 allows the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity by the Town.

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 instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

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

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

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 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.

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.

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 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. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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.

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 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.

The fixed assets of the municipal light enterprise fund are capitalized upon purchase and depreciated at a rate of 5% 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 financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town reported a deferred loss on refunding and deferred outflows related to pensions as deferred outflows of resources.

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

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

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Interfund Transfers

During the course of its 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".

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. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

Net position is reported as restricted when amounts that 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:

"Permanent funds – expendable" represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows 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.

"Other purposes" 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.

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 Board of Selectmen 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. In other words, 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.

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 statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

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

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.

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.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

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 reviews the Veribank ratings and overall performance of each financial institution prior to doing business with the institution. At year-end, the carrying amount of deposits totaled \$82,242,261 and the bank balance totaled \$83,562,067. Of the bank balance, \$2,239,056 was covered by Federal Depository Insurance, \$45,470,478 was covered by the Depositors Insurance Fund, \$4,275,933 was collateralized, and \$31,576,600 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2017, the carrying amount of the Retirement System's deposits totaled \$2,525,101 and the bank balance totaled \$2,576,965. All of the bank balance was covered by Federal Depository Insurance.

Investments

Following are the investments of the Town as of June 30, 2018, and the Retirement System as of December 31, 2017.

Town's Investments:

Investment Type	Fair value	Maturities		Quality Rating
		Under 1 Year	1-5 Years	
Debt securities:				
U.S. treasury bonds.....	\$ 102,710	\$ -	\$ 102,710	AAA
Government sponsored enterprises.....	7,255,694	4,869,271	2,386,423	AA+
Corporate bonds.....	1,354,751	693,896	660,855	AAA/AA-/A+/A/A-/BBB
Total debt securities.....	8,713,155	\$ 5,563,167	\$ 3,149,988	
Other investments:				
Equity securities.....	8,945,505			
Negotiable Certificates of Deposit.....	7,282,253			
MMDT - Cash portfolio.....	10,912,544			
Total investments.....	\$ 35,853,457			

Retirement System's Investments:

	Maturities				
Investment Type	Fair value	1-5 Years	6-10 Years	Quality Rating	
Debt securities:					
Scout Core Plus Bond Fund.....	\$ 9,702,521	\$ -	\$ 9,702,521	AA	
Loomis Sayles Multisector.....	10,447,768	10,447,768	-	BB	
Total debt securities.....	20,150,289	\$ 10,447,768	\$ 9,702,521		
Other investments:					
Equity securities.....	5,865,244				
Equity mutual funds.....	24,981,927				
Real estate investment trust.....	4,690,666				
PRIT Hedge Fund Account.....	8,174,424				
PRIT Alternative.....	12,941,934				
PRIT Real Estate Fund.....	4,939,589				
PRIT International Equity Fund.....	11,958,036				
PRIT Emerging Markets.....	6,195,996				
PRIT Fund.....	2,491,746				
Total investments.....	\$ 102,389,851				

* Duration of underlying holdings in Scout Core Plus Bond Fund is 5.2 years and the Loomis Sayles Multisector is 3.2 years

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 risks because their existence is not evidenced by securities that exist in physical or book entry form. Of the Town's investments in U.S. Treasury Notes, corporate bonds, asset backed securities, and equity securities, as detailed on the previous page the Town has a custodial credit risk exposure of \$17,658,660 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 that 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 \$5,865,244 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 State Street Bank, to custody all separately held securities which are registered under a nominee name that is specific to the Retirement System. Assets held in commingled fund accounts are also held in a similar fashion, with individual fund securities held in the 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, taking into account 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 participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 2 months.

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 0.15 to 16.31 years.

Credit Risk

The Town's investment policy seeks to lessen the 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 Lehman Aggregate Index.

Concentration of Credit Risk

The Town places a limit of 10% on the amount the Town may invest in any one issuer. The Town does not have more than 10% of its investments with any one issuer as of June 30, 2018.

For the Retirement System, no fixed income security, except issues of the U. S. Government, can comprise more than 5% of the Retirement Systems 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. Further, no equity security can comprise more than 5% of the equity portfolio measured at book value. The Retirement System does have investments in individual commingled mutual funds and trusts that represent more than 5% of the Retirement System's assets, but in each case these investments are in institutional commingled funds that are invested in diversified portfolios of between 50 and 200 individual securities.

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-US securities is currently 20% of the Retirement System's total assets (12% international equities and 8% international bonds).

Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by 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, 2018:

Investment Type	June 30, 2018	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.....	\$ 102,710	\$ 102,710	\$ -	\$ -
Government sponsored enterprises.....	7,255,694	7,255,694	-	-
Corporate bonds.....	1,354,751	-	1,354,751	-
Total debt securities.....	8,713,155	7,358,404	1,354,751	-
<u>Other investments:</u>				
Equity securities.....	8,945,505	8,945,505	-	-
Negotiable Certificates of Deposit.....	7,282,253	7,282,253	-	-
Total other investments.....	16,227,758	16,227,758	-	-
Total investments measured at fair value.....	24,940,913	\$ 23,586,162	\$ 1,354,751	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	10,912,544			
Total investments.....	\$ 35,853,457			

U.S. government treasuries and government sponsored enterprises, equity securities, negotiable certificates of deposit, equity mutual funds, and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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.

Retirement System

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan's activities, the plan shows greater disaggregation in its disclosures. The plan chooses a tabular format for disclosing the levels within the fair value hierarchy.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System has the following recurring fair value measurements as of December 31, 2017:

Investment Type	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>				
Scout Core Plus Bond Fund.....	\$ 9,702,521	\$ 9,702,521	\$ -	\$ -
Loomis Sayles Multisector.....	10,447,768	10,447,768	-	-
Total debt securities.....	20,150,289	20,150,289	-	-
<u>Other investments:</u>				
Equity securities.....	5,865,244	5,865,244	-	-
Equity mutual funds.....	24,981,927	24,981,927	-	-
Real estate investment trust.....	4,690,666	-	-	4,690,666
Total other investments.....	35,537,837	30,847,171	-	4,690,666
Total investments measured at fair value.....	55,688,126	\$ 50,997,460	\$ -	\$ 4,690,666
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	46,701,725			
Total investments.....	\$ 102,389,851			

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

At June 30, 2018, receivables 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.....	\$ 1,034,994	\$ (1,661)	\$ 1,033,333
Tax liens.....	1,377,812	-	1,377,812
Motor vehicle and other excise taxes.....	469,779	(263,804)	205,975
Departmental and other.....	709,022	(256,381)	452,641
Intergovernmental.....	1,086,128	-	1,086,128
Community preservation state share.....	150,000	-	150,000
Total.....	\$ <u>4,827,735</u>	\$ <u>(521,846)</u>	\$ <u>4,305,889</u>

At June 30, 2018, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 29,798	\$ -	\$ 29,798
Water user charges.....	2,255,745	-	2,255,745
Sewer liens - user charges.....	41,200	-	41,200
Sewer user charges.....	3,049,803	-	3,049,803
Electric light user charges.....	1,672,579	-	1,672,579
Total.....	\$ <u>7,049,125</u>	\$ <u>-</u>	\$ <u>7,049,125</u>

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.....	\$ 836,756	\$ 174,301	\$ 1,011,057
Tax liens.....	1,377,812	-	1,377,812
Motor vehicle and other excise taxes.....	205,975	-	205,975
Departmental and other.....	433,516	-	433,516
Intergovernmental.....	-	1,085,133	1,085,133
Total.....	\$ <u>2,854,059</u>	\$ <u>1,259,434</u>	\$ <u>4,113,493</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 16,221,456	\$ -	\$ -	\$ 16,221,456
Construction in progress.....	708,162	958,456	(597,854)	1,068,764
Total capital assets not being depreciated....	<u>16,929,618</u>	<u>958,456</u>	<u>(597,854)</u>	<u>17,290,220</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	11,671,096	555,816	-	12,226,912
Buildings.....	132,824,717	2,655,454	-	135,480,171
Machinery and equipment.....	17,086,402	552,776	-	17,639,178
Vehicles.....	6,903,544	597,642	(264,801)	7,236,385
Infrastructure.....	44,269,255	2,394,252	-	46,663,507
Total capital assets being depreciated.....	<u>212,755,014</u>	<u>6,755,940</u>	<u>(264,801)</u>	<u>219,246,153</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,624,379)	(509,560)	-	(4,133,939)
Buildings.....	(48,797,874)	(1,956,315)	-	(50,754,189)
Machinery and equipment.....	(13,750,326)	(943,694)	-	(14,694,020)
Vehicles.....	(4,952,985)	(351,630)	264,801	(5,039,814)
Infrastructure.....	(12,465,193)	(1,060,320)	-	(13,525,513)
Total accumulated depreciation.....	<u>(83,590,757)</u>	<u>(4,821,519)</u>	<u>264,801</u>	<u>(88,147,475)</u>
Total capital assets being depreciated, net.....	<u>129,164,257</u>	<u>1,934,421</u>	<u>-</u>	<u>131,098,678</u>
Total governmental activities capital assets, net.....	\$ <u>146,093,875</u>	\$ <u>2,892,877</u>	\$ <u>(597,854)</u>	\$ <u>148,388,898</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 3,138	\$ -	\$ -	\$ 3,138
Construction in progress.....	25,360	39,104	(25,360)	39,104
Total capital assets not being depreciated.....	28,498	39,104	(25,360)	42,242
<u>Capital assets being depreciated:</u>				
Land improvements.....	7,822	-	-	7,822
Buildings.....	519,034	-	-	519,034
Machinery and equipment.....	769,625	-	-	769,625
Vehicles.....	1,024,371	34,543	(51,097)	1,007,817
Infrastructure.....	34,568,322	1,594,371	-	36,162,693
Total capital assets being depreciated.....	36,889,174	1,628,914	(51,097)	38,466,991
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(7,822)	-	-	(7,822)
Buildings.....	(193,000)	(7,701)	-	(200,701)
Machinery and equipment.....	(675,792)	(36,645)	-	(712,437)
Vehicles.....	(888,603)	(30,292)	51,097	(867,798)
Infrastructure.....	(19,490,636)	(257,377)	-	(19,748,013)
Total accumulated depreciation.....	(21,255,853)	(332,015)	51,097	(21,536,771)
Total capital assets being depreciated, net.....	15,633,321	1,296,899	-	16,930,220
Total water activities capital assets, net.....	\$ 15,661,819	\$ 1,336,003	\$ (25,360)	\$ 16,972,462
Sewer:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 1,568,676	\$ 203,226	\$ -	\$ 1,771,902
Vehicles.....	705,191	-	(28,555)	676,636
Infrastructure.....	27,036,423	236,643	-	27,273,066
Total capital assets being depreciated.....	29,310,290	439,869	(28,555)	29,721,604
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(276,217)	(76,074)	-	(352,291)
Vehicles.....	(1,329,450)	(84,359)	28,555	(1,385,254)
Infrastructure.....	(4,416,824)	(364,189)	-	(4,781,013)
Total accumulated depreciation.....	(6,022,491)	(524,622)	28,555	(6,518,558)
Total capital assets being depreciated, net.....	23,287,799	(84,753)	-	23,203,046
Total sewer activities capital assets, net.....	\$ 23,287,799	\$ (84,753)	\$ -	\$ 23,203,046

	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.....	1,384,518	1,490,869	(185,899)	2,689,488
Total capital assets not being depreciated.....	2,971,115	1,490,869	(185,899)	4,276,085
<u>Capital assets being depreciated:</u>				
Distribution Plant.....	32,059,588	1,543,810	(137,443)	33,465,955
General Plant.....	9,149,513	208,193	(20,121)	9,337,585
Total capital assets being depreciated.....	41,209,101	1,752,003	(157,564)	42,803,540
<u>Less accumulated depreciation for:</u>				
Distribution Plant.....	(15,269,788)	(961,779)	137,443	(16,094,124)
General Plant.....	(7,024,896)	(274,484)	20,121	(7,279,259)
Total accumulated depreciation.....	(22,294,684)	(1,236,263)	157,564	(23,373,383)
Total capital assets being depreciated, net.....	18,914,417	515,740	-	19,430,157
Total municipal light activities capital assets, net.....	\$ 21,885,532	\$ 2,006,609	\$ (185,899)	\$ 23,706,242

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

Governmental Activities:

General government.....	\$ 701,220
Public safety.....	817,034
Education.....	1,676,917
Public works.....	980,572
Health and human services.....	25,247
Culture and recreation.....	327,546
Total depreciation expense - governmental activities.....	\$ 4,528,536

Business-Type Activities:

Water.....	\$ 332,015
Sewer.....	524,622
Municipal Light.....	1,236,263
Total depreciation expense - business-type activities.....	\$ 2,092,900

NOTE 5 – CAPITAL LEASES

The Town did not enter into any new leases in the current year.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers for the year ended June 30, 2018, are summarized as follows:

Transfers In:				
Transfers Out:	General fund	Nonmajor governmental funds	Water Enterprise fund	Total
General fund.....	\$ -	\$ 3,218,600	\$ -	\$ 3,218,600 (1)
Nonmajor governmental funds.....	289,322	-	144,000	433,322 (2)
Water Enterprise fund.....	170,150	-	-	170,150 (3)
Sewer Enterprise fund.....	136,325	-	-	136,325 (3)
Light Enterprise fund.....	650,000	-	-	650,000 (4)
Total.....	\$ <u>1,245,797</u>	\$ <u>3,218,600</u>	\$ <u>144,000</u>	\$ <u>4,608,397</u>

(1) Transfers represent amounts voted to fund various capital projects.

(2) Transfers represent amounts voted from receipts reserved for appropriation to fund the operating budget and water debt projects.

(3) Transfers represent the reimbursement of indirect costs from the Water and Sewer enterprise funds.

(4) Transfers represent amounts voted for a payment in lieu of taxes from the Light enterprise fund.

NOTE 7 – SHORT-TERM FINANCING

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

- Current operating costs prior to the collection of revenues through issuance of revenue 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.

The Town and the Municipal Light Plant did not have any notes outstanding as of June 30, 2018.

NOTE 8 - 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, 2018, and the debt service requirements follow.

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
Septic Loan 97-2002.....	2019	\$ 60,160	0.00	\$ 6,265
Senior Center.....	2026	3,310,000	5.00	1,555,000
Roger Wellington Elementary School.....	2035	26,700,000	2.00-3.00	20,675,000
2012 Debt Refunding.....	2023	9,956,000	3.00-5.00	5,400,000
School Dept Vehicle.....	2020	30,000	3.00-4.00	10,000
Ladder Truck.....	2024	890,000	3.00-5.00	530,000
Fire Engine.....	2024	500,000	3.00-5.00	300,000
Harris Field Repairs.....	2024	960,000	3.00-5.00	570,000
Town Center.....	2025	1,450,000	3.00	1,015,000
Underwood Pool.....	2030	2,790,000	2.00-3.00	2,220,000
Fire Station.....	2026	979,900	2.00-3.00	774,900
Land.....	2025	350,150	3.00	270,000
Public Safety Radio Equipment.....	2026	1,086,000	4.00-2.00	860,000
School Fire Alarm Equipment.....	2021	800,000	4.00-2.25	480,000
Modular Classrooms.....	2028	2,426,000	3.00-5.00	2,426,000
Total Bonds Payable.....				37,092,165
Add: Unamortized premium on bonds.....				1,707,032
Total Governmental Bonds Payable, net.....				\$ 38,799,197

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019..... \$	3,233,134	\$ 1,422,179	\$ 4,655,313
2020.....	3,268,131	1,302,255	4,570,386
2021.....	3,290,000	1,170,837	4,460,837
2022.....	3,180,000	1,046,860	4,226,860
2023.....	3,225,000	928,198	4,153,198
2024.....	2,745,000	807,073	3,552,073
2025.....	2,110,000	706,073	2,816,073
2026.....	1,984,900	625,723	2,610,623
2027.....	1,660,000	556,950	2,216,950
2028.....	1,721,000	490,476	2,211,476
2029.....	1,475,000	421,450	1,896,450
2030.....	1,530,000	365,226	1,895,226
2031.....	1,400,000	306,800	1,706,800
2032.....	1,465,000	250,800	1,715,800
2033.....	1,530,000	192,200	1,722,200
2034.....	1,600,000	131,000	1,731,000
2035.....	<u>1,675,000</u>	<u>67,000</u>	<u>1,742,000</u>
Total..... \$	<u>37,092,165</u>	<u>\$ 10,791,100</u>	<u>\$ 47,883,265</u>

Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
MWRA Water.....	2019	872,000	0%	\$ 87,200
MWRA Water.....	2020	988,785	0%	197,759
MWRA Water.....	2021	988,785	0%	296,636
MWRA Water.....	2022	1,000,000	0%	400,000
MWRA Water.....	2023	500,000	0%	250,000
MWRA Water.....	2024	500,000	0%	300,000
General Obligation Bonds of 2015.....	2034	482,000	2.75% - 4.00%	380,000
General Obligation Bonds of 2016.....	2035	269,602	2.00% - 3.25%	220,000
MWRA Water.....	2025	500,000	0%	350,000
MWRA Water.....	2026	500,000	0%	400,000
General Obligation Bonds of 2018.....	2038	2,054,000	3.00-5.00%	2,054,000
MWRA Water.....	2027	477,000	0%	<u>477,000</u>
Add: Unamortized premium on bonds.....				<u>144,000</u>
Total Water.....				<u>5,556,595</u>
MCWT Sewer.....	2031	7,226,667	2.00	5,018,617
MCWT Sewer.....	2033	1,579,600	2.00	1,245,926
2016 Debt Refunding.....	2027	1,259,950	2.0-3.0	1,100,100
MCWT Sewer.....	2035	2,300,000	2.00	<u>2,014,779</u>
Total Sewer.....				<u>9,379,422</u>
Light Plant Construction.....	2032	\$ 14,000,000	2.75-5.00	12,260,000
Light Plant Construction.....	2034	12,100,000	2.75-5.00	10,800,000
Add: Unamortized premium on bonds.....				<u>1,508,450</u>
Total Light.....				<u>24,568,450</u>
Total Enterprise Bonds Payable, net.....				<u>\$ 39,504,467</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019..... \$	2,504,477	\$ 1,147,431	\$ 3,651,908
2020.....	2,462,879	1,082,733	3,545,612
2021.....	2,424,821	1,015,600	3,440,421
2022.....	2,381,986	946,356	3,328,342
2023.....	2,333,260	862,930	3,196,190
2024.....	2,344,767	804,118	3,148,885
2025.....	2,356,515	720,583	3,077,098
2026.....	2,378,604	645,011	3,023,615
2027.....	2,365,744	583,039	2,948,783
2028.....	2,327,235	509,730	2,836,965
2029.....	2,343,288	437,845	2,781,133
2030.....	2,401,303	361,475	2,762,778
2031.....	2,469,591	275,895	2,745,486
2032.....	2,110,331	193,996	2,304,327
2033.....	2,185,229	121,534	2,306,763
2034.....	1,072,005	88,415	1,160,420
2035.....	1,089,982	49,351	1,139,333
2036.....	100,000	9,625	109,625
2037.....	100,000	6,500	106,500
2038.....	100,000	3,250	103,250
Total..... \$	<u>37,852,017</u>	<u>\$ 9,865,417</u>	<u>\$ 47,717,434</u>

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

At June 30, 2018, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Wellington School.....	\$ 1,602,092
Water Main.....	844,398
Burbank Modular.....	306,227
MWRA Phase III.....	3,852,000
DPW & Police Department Renovations....	7,400,000
Total.....	<u>\$ 14,004,717</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2018, 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.....	\$ 37,709,299	\$ 2,426,000	\$ (3,043,134)	\$ -	\$ -	\$ 37,092,165	\$ 3,233,134
Add: Unamortized premium on bonds..	1,530,452	-	-	306,227	(129,647)	1,707,032	180,854
Total bonds payable.....	39,239,751	2,426,000	(3,043,134)	306,227	(129,647)	38,799,197	3,413,988
Landfill closure.....	7,311,000	-	-	670,000	(73,000)	7,908,000	79,000
Compensated absences.....	1,532,760	-	-	104,478	(76,639)	1,560,599	78,030
Net pension liability.....	64,259,641	-	-	1,098,199	(2,911,167)	62,446,673	-
Other postemployment benefits.....	140,785,988	-	-	-	(50,080,512)	90,705,476	-
Total governmental activity long-term liabilities.....	\$ 253,129,140	\$ 2,426,000	\$ (3,043,134)	\$ 2,178,904	\$ (53,270,965)	\$ 201,419,945	\$ 3,571,018
Business-Type Activities:							
Long-term bonds payable.....	\$ 37,698,808	\$ 2,531,000	\$ (2,377,791)	\$ -	\$ -	\$ 37,852,017	\$ 2,504,477
Add: Unamortized premium on bonds..	1,608,389	-	-	144,000	(99,939)	1,652,450	115,143
Total bonds payable.....	39,307,197	2,531,000	(2,377,791)	144,000	(99,939)	39,504,467	2,619,620
Compensated absences.....	360,132	-	-	191	(18,006)	342,317	17,116
Net pension liability.....	9,906,615	-	-	342,717	(410,408)	9,838,924	-
Other postemployment benefits.....	7,653,508	-	-	126,517	(1,156,440)	6,623,585	-
Total business-type activity long-term liabilities.....	\$ 57,227,452	\$ 2,531,000	\$ (2,377,791)	\$ 613,425	\$ (1,684,793)	\$ 56,309,293	\$ 2,636,736

The long-term liabilities will be liquidated in the future by the general fund and enterprise funds.

NOTE 9 – 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.

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 balance of the General Stabilization Fund is \$3,974,844 and is reported as unassigned fund balance within the general fund; the balance of the Ash Landfill Stabilization Fund is \$3,526,357 and the balance of the Special Education Stabilization Fund is \$3,241, both of these are reported as committed fund balance within the general fund.

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

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

	General	Wellington School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 3,285,642	\$ 3,285,642
Restricted for:					
Wellington School Construction Fund.....	-	641,090	-	-	641,090
Community Preservation Fund.....	-	-	4,128,993	-	4,128,993
Nonmajor governmental funds.....	-	-	-	23,945,967	23,945,967
Committed to:					
Articles and continuing appropriations:					
Ash Landfill Stabilization Fund.....	3,526,357	-	-	-	3,526,357
Special Education Stabilization Fund.....	3,241	-	-	-	3,241
Assigned to:					
Encumbrances:					
General government.....	165,796	-	-	-	165,796
Public safety.....	63,630	-	-	-	63,630
Education.....	311,076	-	-	-	311,076
Public works.....	274,251	-	-	-	274,251
Health and human services.....	2,274	-	-	-	2,274
Culture and recreation.....	3,834	-	-	-	3,834
Employee benefits.....	491,610	-	-	-	491,610
Free Cash used for 2019 Appropriations.....	1,613,913	-	-	-	1,613,913
Release of overlay for 2019 Budget.....	235,000	-	-	-	235,000
Free cash used to offset 2019 property tax debt exclusion.....	17,602	-	-	-	17,602
Free cash used to offset future property tax debt exclusion principal and interest.....	126,206	-	-	-	126,206
Free Cash used for 2019 OPEB contribution.....	118,588	-	-	-	118,588
Unassigned.....	18,660,499	-	-	-	18,660,499
Total Fund Balances.....	\$ 25,613,877	\$ 641,090	\$ 4,128,993	\$ 27,231,609	\$ 57,615,569

NOTE 10 – 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 \$7.9 million as the estimate of the landfill closure liability at June 30, 2018. This amount is based on estimates of what it would cost to perform all future closure and post closure care in year 2018.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Town meeting has voted a special purpose stabilization fund for this liability, which had a balance of \$3.5 million at year end.

NOTE 11 – 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, 2018, the amount of the liability for health insurance claims totaled \$1,700,000.

Changes in the reported liability since July 1, 2016, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2017.....	\$ 1,650,000	\$ 15,873,689	\$ (15,823,689)	\$ 1,700,000
2018.....	1,700,000	16,975,171	(16,975,171)	1,700,000

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, 2018, 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.

NOTE 12 - 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 amount 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.mass.gov/osc/publications-and-reports/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, 2017. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$9,961,660 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 \$95,442,966 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 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, 2017, the BCRS membership consists of the following:

Active members.....	460
Inactive members.....	230
Retirees and beneficiaries currently receiving benefits.....	<u>348</u>
Total.....	<u><u>1,038</u></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 actuarial 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, 2017, was \$9,014,711, 34.15% 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 \$8,009,452.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2018, were as follows:

Total pension liability.....	\$	183,043,747
Total pension plan's fiduciary net position.....		<u>(108,963,549)</u>
Total net pension liability.....	\$	<u><u>74,080,198</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		59.53%

At June 30, 2018, the Town reported a liability of \$72.3 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and December 31, 2016, for the Electric Light Plant. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. 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, 2017 (inclusive of the Electric Light Plant), the Town's proportion was 98.27%, which changed from its proportion measured at December 31, 2016, of 98.28%.

Pension Expense

For the year ended June 30, 2018, the Town recognized pension expense of \$8,737,694. At June 30, 2018, the Town and the Electric Light Plant reported net deferred outflows/(inflows) of resources related to pensions of \$3,307,325 and \$1,261,872, respectively.

The balances of deferred outflows and inflows at June 30, 2018 for the Town, excluding the municipal light plant are as follows:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,978,056	\$ (820,560)	\$ 1,157,496
Difference between projected and actual earnings.....	-	(2,237,097)	(2,237,097)
Changes in assumptions.....	4,711,835	-	4,711,835
Changes in proportion and proportionate share of contributions.....	796,318	(1,121,227)	(324,909)
Total deferred outflows/(inflows) of resources.....	\$ <u>7,486,209</u>	\$ <u>(4,178,884)</u>	\$ <u>3,307,325</u>

The balances of deferred outflows and inflows at June 30, 2018 for the municipal light plant are as follows:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (118,934)	\$ (118,934)
Difference between projected and actual earnings.....	306,687	-	306,687
Changes in assumptions.....	344,294	-	344,294
Changes in proportion and proportionate share of contributions.....	1,937	(120,973)	(119,036)
Contributions made subsequent to the measurement date.....	848,861	-	848,861
Total deferred outflows/(inflows) of resources.....	\$ <u>1,501,779</u>	\$ <u>(239,907)</u>	\$ <u>1,261,872</u>

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

Year ended June 30:

2019.....	\$ 2,014,825
2020.....	1,859,577
2021.....	(40,093)
2022.....	<u>(113,973)</u>
	\$ <u>3,720,336</u>

The remaining balance of net deferred inflows/outflows of the Light Plant of \$848,861 will be an adjustment to the Net Pension Liability in their calendar year 2018 financial statements.

Actuarial Assumptions - The total pension liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement that was updated to December 31, 2017:

Valuation date.....	January 1, 2018
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Level payments on the 2002 ERI liability, payments increasing 4.5% per year for the 2003 ERI liability, and remaining liability amortized so that total payment increases by 6.97% in fiscal 2018 and fiscal 2019 and 4.45% thereafter.
Remaining amortization period.....	As of January 1, 2018, 7 years for the 2003 ERI liability and 11 years for the remaining unfunded liability.
Asset valuation method.....	Market value of assets as reported in the System's Annual Statement less unrecognized return in each of the last five years. Unrecognized return is equal to the difference between the actual market value return and the expected market value return and is recognized at 20% per year over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return.....	7.40%, net of pension plan investment expense, including inflation.
Discount rate.....	7.40%
Inflation rate.....	3.00% per year
Projected salary increases.....	Groups 1/2: 3.75% to 6% based on service. Group 4: 4.25% - 7% based on service.
Cost of living adjustments.....	3% of first \$12,000
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-2017. <i>Healthy Retiree:</i> RP-2014 Blue Collar Employee Annuitant Table set forward one year for females and projected generationally with Scale MP-2017. <i>Disabled Retiree:</i> RP-2014 Blue Collar Employee Annuitant Table set forward one year and projected generationally with Scale MP-2017.

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 January 1, 2018, 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.....	28.00%	6.15%
International developed markets equity....	10.00%	7.11%
International emerging markets equity.....	5.00%	9.41%
Core fixed income.....	10.00%	1.68%
High-yield fixed income.....	11.00%	4.13%
Real estate.....	12.00%	4.90%
Commodities.....	10.00%	4.71%
Hedge fund, GTAA, Risk parity.....	7.00%	3.94%
Private equity.....	7.00%	10.28%
Total.....	<u>100.00%</u>	

Rate of return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.40%. 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 7.40%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40%) or 1-percentage-point higher (8.40%) than the current rate:

	December 31, 2017 Measurement Date		
	1% Decrease (6.40%)	Current Discount (7.40%)	1% Increase (8.40%)
The Town's proportionate share of the net pension liability.....	\$ 83,409,215	\$ 65,819,279	\$ 51,037,975
The Municipal Light Plant's proportionate share of the net pension liability.....	\$ 8,032,670	\$ 6,466,318	\$ 5,138,757

Change of Assumptions

- The investment return assumption was lowered from 7.50% to 7.40%.
- The mortality assumption for non-disabled participants was updated from the RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally from 2009 with Scale BB2D to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables set forward one year for female participants projected generationally with Scale MP-2017.
- The mortality assumption for disabled participants was updated from the RP-2000 Healthy Annuitant Mortality Table projected generationally from 2015 with Scale BB2D to the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017.

Changes in Plan Provisions

- As permitted by Section 63 of Chapter 139 of the Acts of 2012, the Board has increased the Section 101 annual allowance from \$6,000 to \$12,000 as of July 1, 2018.
- As permitted by Section 19 of Chapter 188 of the Acts of 2010, the Cost of Living Adjustment base was increased from \$12,000 to \$13,000 as of July 1, 2019.
- As permitted by Section 30 of Chapter 176 of the Acts of 2011, the Board has adopted an increase to the Section 12 minimum annual allowance from \$3,000 to \$6,000.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

For 2018, the Postemployment Benefits Other than Pensions disclosures include amounts related to GASB #74 for the OPEB Plan, GASB #75 for the Town's implementation, and GASB #45 for the Electric Light Business-type activity. Since the Municipal Electric Light Plant has a December 31, year end, they are not required to implement GASB #75 until calendar year 2018. The GASB #74 information is for disclosure only. The GASB #75 liability detailed on page 65 and the GASB #45 liability for the Light Plant on page 69, combined equal the total OPEB liability reported of \$97,329,061, on page 15 in 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 First Seniority. For year 2018, the Town contributed \$4.4 million to the plan.

During 2018, the Town pre-funded future OPEB liabilities totaling approximately \$384,706 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, 2018, the balance of this fund totaled \$3.5 million.

The annual money-weighted rate of return on OPEB plan investments was 0.17%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

GASB Statement #74 – OPEB Plan Financial Reporting

Measurement Date

GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan’s most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Plan Membership – The following table represents the Plan’s membership:

Town

Active members.....	565
Inactive members currently receiving benefits.....	<u>643</u>
Total.....	<u><u>1,208</u></u>

Belmont Light Department

Active members.....	24
Inactive members currently receiving benefits.....	<u>23</u>
Total.....	<u><u>47</u></u>

Components of OPEB Liability – The following table represents the components of the Town's OPEB liability as of June 30, 2018:

Total OPEB liability.....	\$ 99,959,345
Less: OPEB plan's fiduciary net position.....	<u>(3,237,895)</u>
Net OPEB liability.....	<u>\$ 96,721,450</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	3.24%

The following table represents the components of the Light Plant's OPEB liability as of December 31, 2016:

Total OPEB liability.....	\$ 4,138,924
Less: OPEB plan's fiduciary net position.....	<u>(241,352)</u>
Net OPEB liability.....	<u>\$ 3,897,572</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	5.83%

Significant Actuarial Methods and Assumptions – The Plan's total OPEB liability in the July 1, 2017, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods including the measurement date that was updated to June 30, 2018 to be in accordance with GASB #74:

Valuation date.....	June 30, 2017
Actuarial cost method.....	Entry Age Normal, Level percentage of payroll
Investment rate of return.....	6.50%
Discount rate.....	5.96% as of June 30, 2018 and 5.90% as of June 30, 2017
Inflation rate.....	3.00%
Projected salary increases....	Groups 1/2: 6% decreasing over 9 years to an ultimate of 4.5% per year. Group 4: 7% decreasing over 8 years to an ultimate of 4.25%.
Health care trend rates.....	Non-Medicare (Medical): 7.0% decreasing by 0.5% each year to an ultimate level Medicare (Medicare Only): 4.5% Prescription Drug: 9.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Medicare Advantage: 7.5% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Administration: 3.0% Contributions: 7.5% decreasing by 0.5% each year to an ultimate level of 4.5% per year.

Mortality rates.....	Pre-Retirement (Non-Teachers): RP-2000 Employee Mortality Table projected generationally from 2009 with Scale BB2D
	Healthy (Non-Teachers): RP-2000 Healthy Annuitant Mortality Table projected generationally from 2009 with Scale BB2D
	Disabled (Non-Teachers): RP-2000 Health Annuitant Mortality Table projected generationally from 2015 with Scale BB2D
	Pre-Retirement (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016
	Healthy (Teachers): RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016
	Disabled (Teachers): RP-2014 Healthy Annuitant Mortality Table set forward 4 years projected generationally with Scale BB2D from 2014

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 \$250,000 per year to the OPEB Trust through 2029 and to redirect the amount paid to the Retirement System (approximately \$12 million) toward the unfunded liability beginning in 2030 when the Retirement System is fully funded.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 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.....	60.00%	6.15%
Core fixed income.....	40.00%	1.68%
Total.....	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.5% as of June 30, 2017 for the Town and 5.9% for the Municipal Light Plant. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected benefit payments to current plan members. Therefore the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Town			
Net OPEB liability.....	\$ <u>109,994,207</u>	\$ <u>96,721,450</u>	\$ <u>85,777,003</u>
Municipal Light Plant			
Net OPEB liability.....	\$ <u>4,414,372</u>	\$ <u>3,897,572</u>	\$ <u>3,468,247</u>

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

Town	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ <u>83,436,488</u>	\$ <u>96,721,450</u>	\$ <u>114,400,038</u>
Light	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ <u>3,416,353</u>	\$ <u>3,897,572</u>	\$ <u>4,488,662</u>

Changes of Assumptions – None.

Changes in Plan Provisions – None.

GASB Statement #75 – OPEB Employer Financial Reporting

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Measurement Date

GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied

from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016.

Plan Membership

Plan membership measured under GASB 75 is the same as under GASB 74.

Components of OPEB liability – The following table represents the components of the Town's OPEB liability as of June 30, 2017:

Total OPEB liability.....	\$ 95,663,918
Less: OPEB plan's fiduciary net position.....	<u>(2,863,905)</u>
Net OPEB liability.....	<u>\$ 92,800,013</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	2.99%

Investment Policy

Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017 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.....	60.00%	6.44%
Core fixed income.....	<u>40.00%</u>	2.02%
Total.....	<u>100.00%</u>	

Significant Actuarial Methods and Assumptions – The Plan's total OPEB liability as of June 30, 2017 was measured by an actuarial valuation as of June 30, 2017 using the following assumptions, applied to all periods included in the measurement, unless otherwise specified to be in accordance with GASB #75:

Valuation date.....	June 30, 2017
Actuarial cost method.....	Entry Age Normal, Level percentage of payroll
Investment rate of return.....	6.50%
Discount rate.....	5.90% as of June 30, 2017 and 5.73% as of June 30, 2016
Inflation rate.....	3.00%
Projected salary increases.....	Groups 1/2: 6% decreasing over 9 years to an ultimate of 3.75% per year. Group 4: 7% decreasing over 8 years to an ultimate of 4.25%. Teachers: 7.50% decreasing over 20 years to an ultimate level of 4.00%

Health care trend rates.....	Non-Medicare (Medical): 7.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Medicare (Medicare Only): 4.5% Prescription Drug: 9.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Medicare Advantage: 7.5% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Administration: 3.0% Contributions: 7.5% decreasing by 0.5% each year to an ultimate level of 4.5% per year.
Mortality rates.....	Pre-Retirement (Non-Teachers): RP-2000 Employee Mortality Table projected generationally from 2009 with Scale BB2D Healthy (Non-Teachers): RP-2000 Healthy Annuitant Mortality Table projected generationally from 2009 with Scale BB2D Disabled (Non-Teachers): RP-2000 Health Annuitant Mortality Table projected generationally from 2015 with Scale BB2D Pre-Retirement (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016 Healthy (Teachers): RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016 Disable (Teachers): RP-2014 Healthy Annuitant Mortality Table set forward 4 years projected generationally with Scale BB2D from 2014

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016.....	\$ 146,398,735	\$ 2,361,770	\$ 144,036,965
Changes for the year:			
Service cost.....	3,783,584	-	3,783,584
Interest.....	8,496,483	-	8,496,483
Plan amendments.....	(18,722,360)	-	(18,722,360)
Contributions - employer.....	-	4,186,243	(4,186,243)
Net investment income.....	-	172,888	(172,888)
Changes in assumptions and other inputs.....	(40,435,528)	-	(40,435,528)
Benefit payments.....	(3,856,996)	(3,856,996)	-
Net change.....	(50,734,817)	502,135	(51,236,952)
Balances at June 30, 2017.....	\$ 95,663,918	\$ 2,863,905	\$ 92,800,013

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 5.9%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current discount rate. *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:*

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
Net OPEB liability as of June 30, 2017.....	\$ <u>105,626,327</u>	\$ <u>92,800,013</u>	\$ <u>82,228,130</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease	Current Trend	1% Increase
Net OPEB liability as of June 30, 2017.....	\$ <u>80,722,844</u>	\$ <u>92,800,013</u>	\$ <u>107,888,705</u>

For the year ended June 30, 2018, the Town recognized a negative OPEB expense of \$14,695,349, due principally to the positive impact of changes in assumptions and plan provisions. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between projected and actual earnings.....	\$ -	\$ (6,938)	\$ (6,938)
Changes in assumptions.....	-	(32,348,422)	(32,348,422)
Total deferred outflows/(inflows) of resources.....	\$ <u>-</u>	\$ <u>(32,355,360)</u>	\$ <u>(32,355,360)</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:

2019.....	\$ (8,088,840)
2020.....	(8,088,840)
2021.....	(8,088,840)
2022.....	<u>(8,088,840)</u>
	\$ <u>(32,355,360)</u>

Changes of Assumptions

- The discount rate was increased from 5.73% to 5.90%.
- The per capita health costs were updated to reflect current experience.
- The per capita health cost trend assumptions were revised to reflect current experience and future expectations.
- The salary assumption for all employees and the mortality assumptions for Teachers was changed to match the assumption used in the Belmont Contributory Retirement System Actuarial Valuation as of January 1, 2016.
- The excise tax on high cost health plans beginning in 2020 was updated.
- The Medicare enrollment assumption for retirees under age 65 and actives hired prior to 1986 was changed from 95% to 90% based on recent experience.
- The enrollment assumption was changed from 90% of active employees to 125% of covered active employees.

Changes in Plan Provisions

- Effective January 1, 2018, prescription drug coverage for retirees enrolled in the Medicare Enhance plan is now provided through Aetna as a standalone PDP on a fully-insured basis.

GASB Statement #45 – Municipal Light Plant OPEB Liability*Plan Description*

The Plant participates in the town sponsored single employer defined benefit health plan. The Plant provides certain health care and life insurance benefits for eligible retirees, spouses and dependents. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan.

As of July 1, 2016, Belmont Light's membership consisted of:

Active members.....	31
Inactive employees or beneficiaries currently receiving benefits.....	<u>22</u>
Total.....	<u>53</u>

Funding Policy

Belmont Municipal Light Plant recognizes the costs of providing these benefits, in accordance with governmental accounting standards, on a full refunding basis, by expensing the annual insurance premiums charged to the Light Plant by the Town, which aggregated approximately \$493,911 and \$475,172 for the year ended December 31, 2017 and 2016, respectively. The cost of providing these benefits for retirees is about 50% of the premium. Retired plan members and beneficiaries currently receiving benefits are required to contribute 20% for HMO and 50% for PPO plans (that are not participating in Medicare plans) and 50% for the Medicare Enhanced Supplement and the First Seniority Plans of the cost of benefits provided depending on the plan they choose. A surviving spouse may continue coverage for lifetime by paying 50% of the medical plan premium rate. Retirees are required to pay \$28 annually for a \$2,000 life insurance benefit, if elected.

Annual OPEB Cost and Net OPEB Obligation

The Plant's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The components of the Plant's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Plant's net OPEB obligation are summarized in the following table:

Normal cost.....	\$ 284,600
Amortization of unfunded actuarial accrued liability.....	443,878
Interest.....	30,960
Annual required contribution.....	759,438
Interest on net OPEB obligation.....	172,201
Adjustment to annual required contribution.....	(248,729)
Expected benefit payments.....	(189,498)
Increase in net OPEB obligation.....	493,412
Contributions to Trust Fund.....	(16,158)
Net OPEB obligation - Beginning of Year.....	4,051,794
Net OPEB obligation - End of Year.....	\$ 4,529,048

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years is as follows:

Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 621,171	32%	\$ 3,569,045
2016	\$ 759,438	27%	\$ 4,051,791
2017	\$ 759,438	27%	\$ 4,529,048

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$8.0 million. At December 31, 2017, the Plant had assets of \$267,000 for this obligation.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

As of July 1, 2016 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.25% investment rate of return and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after 7 years. The health care cost trend rate differs between the master medical and other healthcare plans. The actuarial value of assets was determined using the market value of investments. Belmont Light's unfunded actuarial liability is being amortized assuming a 30 year level dollar basis.

NOTE 14 – 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. Provided below 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, 2017)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 2,525,101	\$ 19,208	\$ 2,544,309
Investments:			
Other investments.....	102,389,851	3,476,630	105,866,481
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	4,094,011	-	4,094,011
Interest and dividends.....	1,437	-	1,437
TOTAL ASSETS.....	109,010,400	3,495,838	112,506,238
LIABILITIES			
Warrants payable.....	46,851	-	46,851
NET POSITION			
Restricted for pensions.....	108,963,549	-	108,963,549
Restricted for other postemployment benefits.....	-	3,495,838	3,495,838
TOTAL NET POSITION.....	\$ 108,963,549	\$ 3,495,838	\$ 112,459,387

	Pension Trust Fund (as of December 31, 2017)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 9,014,711	\$ 384,706	\$ 9,399,417
Employer contributions for other postemployment benefit payments.....	-	3,856,996	3,856,996
Member contributions.....	2,665,509	-	2,665,509
Transfers from other systems.....	564,697	-	564,697
Intergovernmental.....	48,858	-	48,858
Total contributions.....	12,293,775	4,241,702	16,535,477
Net investment income:			
Investment income.....	2,110,899	-	2,110,899
Net change in fair value of investments.....	11,606,276	5,873	11,612,149
Less: investment expense.....	(512,441)	-	(512,441)
Net investment income (loss).....	13,204,734	5,873	13,210,607
TOTAL ADDITIONS.....	25,498,509	4,247,575	29,746,084
DEDUCTIONS:			
Administration.....	323,187	-	323,187
Transfers to other systems.....	613,555	-	613,555
3(8)c transfer to other systems.....	435,716	-	435,716
Retirement benefits and refunds.....	10,920,929	-	10,920,929
Other postemployment benefit payments.....	-	3,856,996	3,856,996
TOTAL DEDUCTIONS.....	12,293,387	3,856,996	16,150,383
NET INCREASE (DECREASE) IN NET POSITION.....	13,205,122	390,579	13,595,701
NET POSITION AT BEGINNING OF YEAR.....	95,758,427	3,105,259	98,863,686
NET POSITION AT END OF YEAR.....	\$ 108,963,549	\$ 3,495,838	\$ 112,459,387

NOTE 15 - COMMITMENTS

The Town has entered into, or is planning to enter into contracts totaling approximately \$14.0 million related to water infrastructure upgrades, Burbank Modular classrooms and for construction of the Wellington School.

NOTE 16 - 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 such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

NOTE 17 – REVISION OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of governmental activities, business-type activities and each applicable enterprise fund has been revised to reflect the implementation of GASB Statement #75. The revised balances are summarized in the following table:

	06/30/2017 Previously Reported Balances	Implementation of GASB #75	06/30/2017 Revised Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ 1,404,348	\$ (41,328,037)	\$ (39,923,689)
Business-type activities.....	48,656,114	175,369	48,831,483
Total.....	\$ 50,060,462	\$ (41,152,668)	\$ 8,907,794
Business-type Activities - Enterprise Funds			
Water Enterprise fund.....	\$ 14,673,861	\$ 288,149	\$ 14,962,010
Sewer Enterprise fund.....	18,045,031	(112,780)	17,932,251
Light Enterprise fund.....	15,937,222	-	15,937,222
Total.....	\$ 48,656,114	\$ 175,369	\$ 48,831,483

* Municipal Light Plant will implement GASB #75 during calendar 2018.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 22, 2019, which is the date the financial statements were available to be issued.

The Belmont High School project for \$295,159,189, was approved by the Belmont Voters as a Debt Exclusion Vote on November 6, 2018. Subsequently, Town Meeting authorized the exclusion by a vote on November 13, 2018. The Board of Selectmen approved the financing on January 7, 2019.

The total cost of the project is \$295,159,189. On May 4, 2016, at a Special Town Meeting, \$1,750,000 was appropriated for design and demolition work. The Special Town Meeting on November 13, 2018, approved the project and appropriation for \$293,409,189, in addition to the \$1,750,000. On January 11, 2019, the Board of Selectmen approved financing for \$212,764,911 which was net of the prior appropriation of \$1,750,000 and the August 29, 2018, approved Massachusetts School Business Authority's grant of \$80,644,278.

NOTE 19 – FUTURE IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2018, the following GASB pronouncements were implemented:

- GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #81, *Irrevocable Split-Interest Agreements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #85, *Omnibus 2017*. This pronouncement did not impact the basic financial statements.
- GASB Statement #86, *Certain Debt Extinguishment Issues*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2019.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is required to be implemented in 2019.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.

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

Required Supplementary Information

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			
	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.....	\$ -	\$ 87,748,445	\$ 87,748,445	\$ 87,742,868
Tax liens.....	-	-	-	-
Motor vehicle and other excise taxes.....	-	3,550,000	3,550,000	3,550,000
Charges for services.....	-	2,345,000	2,345,000	2,345,000
Penalties and interest on taxes.....	-	230,000	230,000	230,000
Licenses and permits.....	-	1,106,000	1,106,000	1,106,000
Fines and forfeitures.....	-	185,000	185,000	185,000
Intergovernmental.....	-	10,101,241	10,101,241	10,101,082
Investment income.....	-	192,000	192,000	192,000
TOTAL REVENUES.....	-	105,457,686	105,457,686	105,451,950
EXPENDITURES:				
Current:				
General government.....	164,007	5,304,237	5,468,244	5,749,124
Public safety.....	63,604	14,321,520	14,385,124	14,432,147
Education.....	205,648	53,879,669	54,085,317	54,334,854
Public works.....	450,053	12,408,188	12,858,241	13,315,395
Human services.....	1,504	988,148	989,652	994,250
Culture and recreation.....	99,106	3,237,424	3,336,530	3,262,074
Pension benefits.....	-	7,345,623	7,345,623	7,345,623
Employee benefits.....	1,071,000	2,292,525	3,363,525	2,774,025
State and county charges.....	-	1,769,460	1,769,460	1,769,460
Debt service:				
Principal.....	-	3,043,134	3,043,134	3,043,134
Interest.....	52,500	1,471,629	1,524,129	1,513,629
TOTAL EXPENDITURES.....	2,107,422	106,061,557	108,168,979	108,533,715
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,107,422)	(603,871)	(2,711,293)	(3,081,765)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	1,245,797	1,245,797	1,245,797
Transfers out.....	-	(3,218,600)	(3,218,600)	(4,218,600)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(1,972,803)	(1,972,803)	(2,972,803)
NET CHANGE IN FUND BALANCE.....	(2,107,422)	(2,576,674)	(4,684,096)	(6,054,568)
BUDGETARY FUND BALANCE, Beginning of year.....	-	15,253,224	15,253,224	15,253,224
BUDGETARY FUND BALANCE, End of year.....	\$ (2,107,422)	\$ 12,676,550	\$ 10,569,128	\$ 9,198,656

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	87,894,887	\$ -	\$ 152,019
	411,019	-	411,019
	3,776,555	-	226,555
	2,524,479	-	179,479
	345,150	-	115,150
	1,562,711	-	456,711
	238,726	-	53,726
	10,297,166	-	196,084
	466,473	-	274,473
	<u>107,517,166</u>	<u>-</u>	<u>2,065,216</u>
	3,840,028	165,796	1,743,300
	13,890,015	63,630	478,502
	54,006,422	311,076	17,356
	13,054,254	274,251	(13,110)
	923,842	2,274	68,134
	3,114,340	3,834	143,900
	7,345,620	-	3
	2,229,910	491,610	52,505
	1,782,753	-	(13,293)
	3,043,134	-	-
	1,457,753	-	55,876
	<u>104,688,071</u>	<u>1,312,471</u>	<u>2,533,173</u>
	2,829,095	(1,312,471)	4,598,389
	1,245,797	-	-
	(4,218,600)	-	-
	<u>(2,972,803)</u>	<u>-</u>	<u>-</u>
	(143,708)	(1,312,471)	4,598,389
	15,253,224	-	-
\$	<u>15,109,516</u>	<u>(1,312,471)</u>	<u>4,598,389</u>

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.

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.

**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
Total pension liability:				
Service cost.....	\$ 3,290,948	\$ 3,422,586	\$ 3,677,753	\$ 3,793,768
Interest.....	11,576,179	11,975,171	12,311,049	12,689,446
Changes in benefit terms.....	-	-	-	770,006
Differences between expected and actual experience.....	-	(2,308,867)	-	2,782,900
Changes in assumptions.....	-	6,683,815	-	3,287,108
Benefit payments.....	(9,665,616)	(10,035,365)	(10,762,409)	(11,356,645)
Net change in total pension liability.....	5,201,511	9,737,340	5,226,393	11,966,583
Total pension liability - beginning.....	150,911,920	156,113,431	165,850,771	171,077,164
Total pension liability - ending (a).....	\$ 156,113,431	\$ 165,850,771	\$ 171,077,164	\$ 183,043,747
Plan fiduciary net position:				
Employer contributions.....	\$ 7,364,523	\$ 7,877,960	\$ 8,432,117	\$ 9,014,711
Member contributions.....	2,378,296	2,460,974	2,582,816	2,665,509
Net investment income (loss).....	5,521,768	934,243	7,021,503	13,204,734
Administrative expenses.....	(182,627)	(154,097)	(321,612)	(323,187)
Retirement benefits and refunds.....	(9,665,616)	(10,035,365)	(10,762,409)	(11,356,645)
Net increase (decrease) in fiduciary net position.....	5,416,344	1,083,715	6,952,415	13,205,122
Fiduciary net position - beginning of year.....	82,305,953	87,722,297	88,806,012	95,758,427
Fiduciary net position - end of year (b).....	\$ 87,722,297	\$ 88,806,012	\$ 95,758,427	\$ 108,963,549
Net pension liability - ending (a)-(b).....	\$ 68,391,134	\$ 77,044,759	\$ 75,318,737	\$ 74,080,198
Plan fiduciary net position as a percentage of the total pension liability.....	56.19%	53.55%	55.97%	59.53%
Covered payroll.....	\$ 25,142,886	\$ 25,031,508	\$ 26,016,467	\$ 26,395,332
Net pension liability as a percentage of covered payroll.....	272.01%	307.79%	289.50%	280.66%

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.

SCHEDULE OF CONTRIBUTIONS
BELMONT CONTRIBUTORY RETIREMENT SYSTEM

<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- payroll</u>	<u>Contributions as a percentage of covered- payroll</u>
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%

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.

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, 2017.....	14.50%
December 31, 2016.....	8.89%
December 31, 2015.....	1.32%
December 31, 2014.....	6.69%

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.

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 on the Light'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.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
BELMONT CONTRIBUTORY RETIREMENT SYSTEM**

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered- payroll</u>	<u>Net pension liability as a percentage of covered- payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2017.....	88.85%	\$ 65,819,280	\$ 23,359,304	281.77%	59.53%
December 31, 2016.....	89.70%	67,554,485	23,154,141	291.76%	55.97%
December 31, 2015.....	89.68%	69,090,194	23,496,527	294.04%	53.55%
December 31, 2014.....	89.19%	61,000,401	22,592,814	270.00%	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.

**SCHEDULE OF THE ELECTRIC LIGHT DEPARTMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
BELMONT CONTRIBUTORY RETIREMENT SYSTEM**

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered- employee payroll</u>	<u>Net pension liability as a percentage of covered- employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2016.....	8.59%	6,466,318	2,485,260	260.19%	55.97%
December 31, 2015.....	8.58%	6,611,771	2,384,359	277.30%	55.97%
December 31, 2014.....	8.87%	6,236,954	2,193,362	284.36%	53.55%

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.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
BELMONT CONTRIBUTORY RETIREMENT SYSTEM

<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, 2017.....	\$ 8,009,452	\$ (8,009,452)	\$ -	\$ 23,359,304	34.29%
December 31, 2016.....	7,558,470	(7,563,398)	(4,928)	23,154,141	32.67%
December 31, 2015.....	7,740,657	(7,740,657)	-	23,496,527	32.94%
December 31, 2014.....	7,222,270	(7,222,270)	-	22,592,814	31.97%

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.

**SCHEDULE OF THE 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>
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%

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.

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.

The Schedule of the Electric Light's Funding progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of the Electric Light's Employer Contributions presents multi-year trend information for required and actual contributions relating to the plan.

The Schedule of the Electric Light's Actuarial Methods and Assumptions presents factors that significantly affect the identification trends in the amounts reported.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018
Total OPEB Liability		
Service Cost.....	\$ 3,783,584	\$ 3,396,620
Interest.....	8,496,483	5,725,306
Changes of assumptions.....	(40,435,528)	(724,799)
Plan amendments.....	(18,722,360)	-
Benefit payments.....	(3,856,996)	(4,101,700)
Net change in total OPEB liability.....	(50,734,817)	4,295,427
Total OPEB liability - beginning.....	146,398,735	95,663,918
Total OPEB liability - ending (a).....	\$ 95,663,918	\$ 99,959,345
Plan fiduciary net position		
Employer contributions.....	\$ 4,186,243	\$ 4,470,248
Net investment income.....	172,888	5,442
Benefit payments.....	(3,856,996)	(4,101,700)
Net change in plan fiduciary net position.....	502,135	373,990
Plan fiduciary net position - beginning of year.....	2,361,770	2,863,905
Plan fiduciary net position - end of year (b).....	\$ 2,863,905	\$ 3,237,895
Net OPEB liability - ending (a)-(b).....	\$ 92,800,013	\$ 96,721,450
Plan fiduciary net position as a percentage of the total OPEB liability.....	2.99%	3.24%
Covered-employee payroll.....	\$ 52,007,743	\$ 72,768,539
Net OPEB liability as a percentage of covered-employee payroll.....	178.43%	132.92%

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.

**SCHEDULE OF CHANGES IN THE
ELECTRIC LIGHT'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	December 31, 2017
Total OPEB Liability	
Service Cost.....	\$ 154,575
Interest.....	367,791
Changes of assumptions.....	(1,742,425)
Plan amendments.....	(809,061)
Benefit payments.....	<u>(189,498)</u>
Net change in total OPEB liability.....	(2,218,618)
Total OPEB liability - beginning.....	<u>6,357,542</u>
Total OPEB liability - ending (a).....	<u>\$ 4,138,924</u>
Plan fiduciary net position	
Employer contributions.....	\$ 203,933
Net investment income.....	14,570
Benefit payments.....	<u>(189,498)</u>
Net change in plan fiduciary net position.....	29,005
Plan fiduciary net position - beginning of year.....	<u>212,347</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 241,352</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 3,897,572</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	5.83%
Covered-employee payroll.....	\$ 3,147,743
Net OPEB liability as a percentage of covered-employee payroll.....	123.82%

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.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<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, 2018.....	\$ 8,029,300	\$ (4,470,248)	\$ 3,559,052	\$ 72,768,539	6.14%
June 30, 2017.....	18,361,449	(4,186,243)	14,175,206	52,007,743	8.05%

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.

**SCHEDULE OF THE ELECTRIC LIGHT'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<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, 2017.....	\$ 759,438	\$ (203,933)	\$ 555,505	\$ 3,147,743	6.48%
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.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
Town:	
June 30, 2018.....	0.17%
June 30, 2017.....	6.50%
Light:	
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.

BELMONT MUNICIPAL LIGHT PLANT
Schedule of Funding Progress

Actuarial Valuation Date	For the Year Ending	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a percentage of Covered Payroll ((B-A)/C)
7/1/2016	12/31/2017	\$ 267,023	\$ 7,975,777	\$ 7,708,754	3.35%	\$ 3,147,743	\$ 244.90%
7/1/2016	12/31/2016	226,073	7,975,777	7,749,704	2.83%	2,965,006	261.37%
7/1/2014	12/31/2015	201,758	7,393,170	7,191,412	2.73%	2,735,987	262.85%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
12/31/2017	\$ 759,438	\$ 203,933	27%
12/31/2016	759,438	203,933	27%
12/31/2015	621,171	198,775	32%
12/31/2014	621,171	192,563	31%
12/31/2013	761,754	205,674	27%
12/31/2012	761,754	190,439	25%

See notes to required supplementary information.

**BELMONT MUNICIPAL LIGHT PLANT
OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS**

YEAR ENDED JUNE 30, 2018

Actuarial Methods:

Valuation date.....	July 1, 2016
Actuarial cost method.....	Entry Age Normal - Level Percentage of Payroll
Amortization method.....	30 years from July 1, 2018
Remaining amortization period.....	20 years

Actuarial Assumptions:

Discount rate.....	4.25%
Projected salary increases.....	3.25%
Healthcare cost trend rate.....	Initially 8%, reduced by decrements of 0.5% per year over 7 years; ultimate rate of 5%

Plan membership:

Current retirees and beneficiaries.....	22
Current active members.....	<u>31</u>
Total.....	<u><u>53</u></u>

See 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 Board of Selectmen (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, requires 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 2018 approved budget authorized approximately \$111.4 million in appropriations and other amounts to be raised. Town meeting authorized an additional \$1.4 million increase in appropriations.

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, 2018, is presented below:

Net change in fund balance - budgetary basis.....	\$ (143,708)
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	1,065,578
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(135,405)
Net change in recording 60 day receipts.....	29,819
Recognition of revenue for on-behalf payments.....	9,961,660
Recognition of expenditures for on-behalf payments.....	<u>(9,961,660)</u>
Net change in fund balance - GAAP basis.....	\$ <u>816,284</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 systems total pension liability, changes in the systems 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.

Pension Plan Schedules - Town**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 details 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:

- The investment return assumption was lowered from 7.50% to 7.40%.
- The mortality assumption for non-disabled participants was updated from the RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally from 2009 with Scale BB2D to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables set forward one year for female participants projected generationally with Scale MP-2017.
- The mortality assumption for disabled participants was updated from the RP-2000 Healthy Annuitant Mortality Table projected generationally from 2015 with Scale BB2D to the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017.

E. Changes in Plan Provisions:

- As permitted by Section 63 of Chapter 139 of the Acts of 2012, the Board has increased the Section 101 annual allowance from \$6,000 to \$12,000 as of July 1, 2018.
- As permitted by Section 19 of Chapter 188 of the Acts of 2010, the Cost of Living Adjustment base was increased from \$12,000 to \$13,000 as of July 1, 2019.
- As permitted by Section 30 of Chapter 176 of the Acts of 2011, the Board has adopted an increase to the Section 12 minimum annual allowance from \$3,000 to \$6,000

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 PlanSchedule 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.

Valuation date.....	June 30, 2017
Actuarial cost method.....	Entry Age Normal, Level percentage of payroll
Investment rate of return.....	6.50%
Discount rate.....	5.96% as of June 30, 2018 and 5.90% as of June 30, 2017
Inflation rate.....	3.00%
Projected salary increases....	Groups 1/2: 6% decreasing over 9 years to an ultimate of 4.5% per year. Group 4: 7% decreasing over 8 years to an ultimate of 4.25%.
Health care trend rates.....	Non-Medicare (Medical): 7.0% decreasing by 0.5% each year to an ultimate level
	Medicare (Medicare Only): 4.5%
	Prescription Drug: 9.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year.
	Medicare Advantage: 7.5% decreasing by 0.5% each year to an ultimate level of 4.5% per year.
	Administration: 3.0%
	Contributions: 7.5% decreasing by 0.5% each year to an ultimate level of 4.5% per year.

Mortality rates.....	Pre-Retirement (Non-Teachers): RP-2000 Employee Mortality Table projected generationally from 2009 with Scale BB2D
	Healthy (Non-Teachers): RP-2000 Healthy Annuitant Mortality Table projected generationally from 2009 with Scale BB2D
	Disabled (Non-Teachers): RP-2000 Health Annuitant Mortality Table projected generationally from 2015 with Scale BB2D
	Pre-Retirement (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016
	Healthy (Teachers): RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016
	Disabled (Teachers): RP-2014 Healthy Annuitant Mortality Table set forward 4 years projected generationally with Scale BB2D from 2014

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

None.

Changes in Plan Provisions

None.

Schedule of the Electric Light's Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

Schedule of the Electric Light's Employer Contributions

The Schedule of the Electric Light's Employer Contributions includes the Electric Lights' annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution.

Schedule of the Electric Light's Actuarial Methods and Assumptions

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.