

TOWN OF BELMONT, MASSACHUSETTS

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

YEAR ENDED JUNE 30, 2021

TOWN OF BELMONT, MASSACHUSETTS

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JUNE 30, 2021

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Independent Auditor's Report

To the Honorable Select Board
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, 2021 (except for the Belmont Contributory Retirement System which is as of and for the year ended December 31, 2020), 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, 2020, which represent 49.7%, 36.1%, and 50.8%, 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, 2021 (except for the Belmont Contributory Retirement System and Municipal Light Plant which are as of and for the year ended December 31, 2020), 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 24, 2022, 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 24, 2022

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, 2021.

Financial Summary

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of 2021 by \$143.9 million.
- At the end of year 2021, the unassigned fund balance for the general fund was \$21.6 million or 15.7% of general fund expenditures.
- The Town has recorded the liability associated with GASB Statement #68, *Accounting and Financial Reporting for Pensions*. At year end, the pension liability totaled \$69.5 million. Please see Note 11 for more information.
- The Town has recorded the liability associated with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. At year-end, the OPEB liability totaled \$113.4 million. Please see Note 12 for more information.
- Beginning net position of the governmental activities and the nonmajor governmental funds has been revised to reflect the implementation of GASB Statement #84 for fiduciary funds. Beginning net position of the governmental activities and the nonmajor governmental funds has been revised by \$334,064. Please see Note 16 for more information.
- In 2021, the Town received \$2,009,431 of CARES Act funding and incurred \$2,389,943 of expenditures related to the Coronavirus Pandemic. The excess expenditures have been recorded as a receivable for financial statement purposes. The Town also received \$1,366,762 of American Rescue Plan Act (ARPA) funding in 2021. The Town has not incurred any expenditures related to this funding and the revenue has been recorded as an unearned revenue for financial statement purposes. This revenue will be used for COVID-19 and government services related expenditures in future years. Receipts and disbursements of the various COVID-19 grants are recorded as intergovernmental revenue and charged to the applicable function the expenditures benefit. Any receivable or unearned revenue recorded related to these grants can be seen on page 16 under the non-major funds and the captions of intergovernmental receivables and unearned revenues. Please see Note 17 for more information.

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

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 Belmont High 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 funds and the light plant activities, all of which are considered to be major funds of the Town.

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

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 two classifications: a pension and other postemployment benefit trust and private purpose trust funds. Private purpose trust funds are used to account for trust arrangements that benefit individuals, private organizations, or other governments.

The Town is 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 pension and 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 on the following page, assets and deferred outflows exceeded liabilities and deferred inflows by \$78.1 million at the close of the most recent year.

	2021	2020 (As Revised)
Assets:		
Current assets.....	\$ 181,223,411	\$ 247,390,983
Capital assets, net of accumulated depreciation....	332,302,967	223,741,575
Total assets.....	513,526,378	471,132,558
Deferred outflows of resources.....	4,720,302	7,270,502
Liabilities:		
Current liabilities (excluding debt).....	23,652,292	16,257,353
Noncurrent liabilities (excluding debt).....	174,447,571	175,972,149
Current debt.....	7,935,667	7,954,648
Noncurrent debt.....	224,718,210	232,653,877
Total liabilities.....	430,753,740	432,838,027
Deferred inflows of resources.....	9,386,400	14,284,961
Net position:		
Net investment in capital assets.....	183,035,047	149,413,412
Restricted.....	8,694,711	9,421,086
Unrestricted.....	(113,623,218)	(127,554,426)
Total net position.....	\$ 78,106,540	\$ 31,280,072

A significant portion of the Town’s net position, \$183.0 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.

An additional portion of the Town's net position, \$8.7 million, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position of \$113.6 million is due to the recognition of the net other postemployment benefits liability in the amount of \$106.5 million and the Net Pension liability in the amount of \$59.2 million.

The governmental activities net position increased by \$46.8 million in the current year. The increase was primarily due to the recognition of \$24.8 million of capital grants mostly related to the High School project, a \$2.9 and \$2.1 million net decrease in the Town's other postemployment benefit and pension liabilities and related deferred inflows/outflows, respectively, the fact that depreciation was less than principal payments on long-term debt of \$1.5 million, the Town's ability to fund \$1.5 million of capital projects with current year revenues, a surplus in the general fund of \$8.5 million and the community preservation fund of \$553 thousand.

Key elements of the change in net position are as seen below:

	2021	2020
Program Revenues:		
Charges for services.....	\$ 6,663,215	\$ 6,833,222
Operating grants and contributions.....	36,578,353	28,123,216
Capital grants and contributions.....	24,764,030	21,510,066
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	109,426,497	99,476,782
Tax and other liens.....	484,715	107,374
Motor vehicle and other excise taxes.....	3,603,617	3,776,635
Community preservation tax.....	1,597,363	1,412,215
Penalties and interest on taxes.....	357,437	348,501
Grants and contributions not restricted to specific programs.....	2,943,525	2,730,437
Unrestricted investment income.....	1,913,343	2,067,622
Total revenues.....	188,332,095	166,386,070
Expenses:		
General government.....	7,828,972	8,024,806
Public safety.....	17,475,255	16,350,573
Education.....	92,115,676	76,149,393
Public works.....	13,780,097	12,559,976
Health and human services.....	1,310,488	1,679,895
Culture and recreation.....	3,921,927	4,947,857
Interest.....	6,720,145	4,543,109
Total expenses.....	143,152,560	124,255,609
Excess (Deficiency) before transfers.....	45,179,535	42,130,461
Transfers.....	1,646,933	650,000
Change in net position.....	46,826,468	42,780,461
Net position, beginning of year (as revised).....	31,280,072	(11,500,389)
Net position, end of year.....	\$ 78,106,540	\$ 31,280,072

Business-type activities

Combined business-type activities net position increased by \$2.3 million in the current year. The following table identifies key elements of the enterprise operations:

	2021	2020
Assets:		
Current assets.....	\$ 37,442,105	\$ 37,997,501
Noncurrent assets (excluding capital).....	13,261,806	13,110,387
Capital assets, net of accumulated depreciation....	71,787,156	70,409,441
Total assets.....	122,491,067	121,517,329
Deferred outflows of resources.....	2,791,281	2,841,606
Liabilities:		
Current liabilities (excluding debt).....	3,157,067	2,636,563
Noncurrent liabilities (excluding debt).....	17,631,369	17,300,214
Current debt.....	2,850,914	2,823,491
Noncurrent debt.....	31,753,170	33,892,084
Total liabilities.....	55,392,520	56,652,352
Deferred inflows of resources.....	4,106,779	4,174,217
Net position:		
Net investment in capital assets.....	51,908,773	48,869,855
Restricted.....	9,254,137	9,158,885
Unrestricted.....	4,620,139	5,503,626
Total net position.....	\$ 65,783,049	\$ 63,532,366

	2021	2020
Program Revenues:		
Charges for services.....	\$ 40,908,500	\$ 41,189,204
Operating grants and contributions.....	115,000	2,500
General Revenues:		
Unrestricted investment income.....	289,749	591,390
Total revenues.....	41,313,249	41,783,094
Expenses:		
Water.....	6,431,921	6,405,609
Sewer.....	8,701,174	8,547,251
Municipal Light.....	23,418,538	23,076,223
Total expenses.....	38,551,633	38,029,083
Excess (Deficiency) before transfers and capital contributions..	2,761,616	3,754,011
Transfers.....	(1,146,933)	(650,000)
Capital contributions.....	636,000	837,150
Change in net position.....	2,250,683	3,941,161
Net position, beginning of year.....	63,532,366	59,591,205
Net position, end of year.....	\$ 65,783,049	\$ 63,532,366

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 \$144.7 million comprised of \$34.3 million in the general fund, \$77.0 million in the Belmont High School construction fund, \$5.2 million in the Community Preservation fund, and \$28.2 million in the nonmajor governmental funds. Overall fund balance decreased by \$77.5 million in year 2021. This was primarily due to the timing of expenditures related to the High School Construction project versus the actual receipt of grant and bond proceeds, the timing of the expenditure of grant receipts versus the actual receipt of the grant funds, offset by the activity of the General fund which ended with a surplus of \$8.5 million.

The general fund is the chief operating fund. At the end of the current year, the unassigned fund balance of the general fund was \$21.6 million, while the total fund balance was \$34.3 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 15.7% of general fund budgetary expenditures, while total fund balance represents 24.9% of that same amount. During 2021, the fund balance of the general fund increased by \$8.5 million. The change was primarily due to better than expected budgetary results and a decrease in the accrual related to Appellate Tax Board cases.

The Belmont High School construction fund is used to account for the activities related to the construction of the new school building. During 2021, the Town spent \$105.7 million on the project and received \$23.8 million of grants from the Massachusetts School Building Authority (MSBA). At June 30, 2021, the fund has a balance of \$77.0 million due to the timing of the expenditure of grant and debt proceeds.

The community preservation fund had a fund balance at June 30, 2021 of \$5.2 million. 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 \$553,000 during 2021 due to the net activity of the receipt of both state grants and the tax surcharges offset by \$1.4 million of project related expenditures.

Financial Analysis of Proprietary Funds

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

The net position of the water fund increased \$532,000 in the current year. The increase is due to the ability to set rates to cover both operational and capital costs of the fund, offset by depreciation exceeding principal payments on long-term debt by \$22,000.

The net position of the sewer fund increased \$1.1 million in the current year. The increase is due to the recognition of \$636,000 of a capital grant from the MWRA, and the ability to set rates to cover both operational and capital costs of the fund offset by interest expense.

The light department experienced an overall increase of \$577,000 in net position. The increase is related to an increase in kWh of electricity sold in 2020, offset by an increase in general & administrative costs mostly related to COVID-19 idle linemen costs and slight increases in other operating costs.

The internal service fund had an ending net position of \$6.7 million, which represents an increase of \$2.6 million over the prior year. Contributions exceeded claim payments by \$2.6 million and the fund earned \$13,500 in investment earnings.

General Fund Budgetary Highlights

There was a net increase of \$612,000 between the original and final adopted budgets. This increase relates to various increases/decreases in the Town's Departmental budgets, and an increase in transfers out for various capital 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, 2021, amounted to \$404.1 million (net of accumulated 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 Belmont High School Construction, DPW/Public Safety building renovations, the purchase of public safety vehicles, paving, Belmont Center 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 \$3 million per year from current-year appropriations for capital projects.

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

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 Select Board 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, 2021, totaled \$218.9 million of which \$185.0 million relates to various School construction projects and purchases, \$19.9 million of refunding bonds, \$10.0 million relates to the DPW/Public Safety building renovations, \$410,000 relates to the purchase of fire vehicles, \$285,000 relates to Harris Field repairs, \$1.7 million relates to the Underwood Pool construction, and \$580,000 thousand relates to Town center construction, leaving a balance of \$500,000 for other CIP projects. The enterprise funds have \$5.6 million in water debt and \$8.0 million in sewer debt, all of which are fully supported by the rates.

The water enterprise fund issued \$500,000 in new water debt. The sewer enterprise fund issued \$212,000 in new sewer debt.

The Town has an “Aaa” rating from Moody’s and a AAA rating from S&P related to the issuance of general obligation debt.

Light Department

The Light Department has \$19.7 million of long-term debt outstanding.

Please refer to notes 4, 6, and 7 for further discussion of the major capital and debt activity.

Economic Factors and Next Year’s Budget

A statewide tax limitation statute known as “Proposition 2-1/2” 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 99.5% of its property tax billings in the year billed. Property taxes billed were \$109.6 million in 2021, which was a \$8.2 million increase from the prior year. \$1.1 million of this increase is the product of the certified new growth of the Town. Within this levy approximately \$13.6 million of previous debt exclusions were paid off.

The Town continues to experience growth in residential renovation and development. In year 2021, 956 building permits were issued, resulting in \$726,076 in permit fees and realizing \$45.85 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 2021, the Town realized \$1.1 million in new taxes from this source.

The unemployment rate for Belmont as of October 2021 was 4.0% compared to the state figure of 5.1% and the nationwide figure of 4.6%.

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 154,777,339	\$ 28,931,934	\$ 183,709,273
Investments.....	18,616,920	-	18,616,920
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,613,019	-	1,613,019
Tax liens.....	1,097,324	114,976	1,212,300
Motor vehicle and other excise taxes.....	394,884	-	394,884
User charges.....	-	5,418,302	5,418,302
Departmental and other.....	610,214	-	610,214
Intergovernmental.....	3,647,545	-	3,647,545
Community preservation state share.....	326,000	-	326,000
Inventory.....	140,166	1,093,719	1,233,885
Other assets.....	-	87,573	87,573
Purchased power advanced deposits.....	-	1,795,601	1,795,601
Total current assets.....	181,223,411	37,442,105	218,665,516
NONCURRENT:			
Restricted cash and cash equivalents.....	-	13,261,806	13,261,806
Capital assets, nondepreciable.....	191,366,488	3,138	191,369,626
Capital assets, net of accumulated depreciation.....	140,936,479	71,784,018	212,720,497
Total noncurrent assets.....	332,302,967	85,048,962	417,351,929
TOTAL ASSETS.....	513,526,378	122,491,067	636,017,445
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	31,244	-	31,244
Deferred outflows related to pensions.....	4,293,446	2,722,188	7,015,634
Deferred outflows related to other postemployment benefits.....	395,612	69,093	464,705
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	4,720,302	2,791,281	7,511,583
LIABILITIES			
CURRENT:			
Warrants payable.....	17,843,578	2,617,633	20,461,211
Accrued payroll.....	652,095	30,476	682,571
Health claims payable.....	1,100,000	-	1,100,000
Tax refunds payable.....	484,683	-	484,683
Accrued interest.....	1,980,269	67,183	2,047,452
Other liabilities.....	63,028	-	63,028
Unearned revenue.....	1,366,762	-	1,366,762
Customer deposits.....	-	417,735	417,735
Landfill closure.....	70,000	-	70,000
Compensated absences.....	91,877	24,040	115,917
Bonds payable.....	7,935,667	2,850,914	10,786,581
Total current liabilities.....	31,587,959	6,007,981	37,595,940
NONCURRENT:			
Landfill closure.....	6,974,000	-	6,974,000
Compensated absences.....	1,745,667	456,748	2,202,415
Net pension liability.....	59,198,670	10,324,201	69,522,871
Net other postemployment benefits liability.....	106,529,234	6,850,420	113,379,654
Bonds payable.....	224,718,210	31,753,170	256,471,380
Total noncurrent liabilities.....	399,165,781	49,384,539	448,550,320
TOTAL LIABILITIES.....	430,753,740	55,392,520	486,146,260
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	3,302,944	-	3,302,944
Contribution in aid of construction, net of amortization.....	-	827,156	827,156
Rate stabilization reserve.....	-	2,175,688	2,175,688
Deferred inflows related to pensions.....	4,752,743	844,565	5,597,308
Deferred inflows related to other postemployment benefits.....	1,330,713	259,370	1,590,083
TOTAL DEFERRED INFLOWS OF RESOURCES.....	9,386,400	4,106,779	13,493,179
NET POSITION			
Net investment in capital assets.....	183,035,047	51,908,773	234,943,820
Restricted for:			
Depreciation.....	-	9,254,137	9,254,137
Permanent funds:			
Expendable.....	1,824,854	-	1,824,854
Nonexpendable.....	3,252,910	-	3,252,910
Gifts and grants.....	3,616,947	-	3,616,947
Unrestricted.....	(113,623,218)	4,620,139	(109,003,079)
TOTAL NET POSITION.....	\$ 78,106,540	\$ 65,783,049	\$ 143,889,589

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

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.....	\$ 7,828,972	\$ 833,176	\$ 857,967	\$ 6,462	\$ (6,131,367)
Public safety.....	17,475,255	2,171,215	905,427	-	(14,398,613)
Education.....	92,115,676	1,269,958	34,380,071	23,833,351	(32,632,296)
Public works.....	13,780,097	1,332,186	53,227	541,617	(11,853,067)
Health and human services.....	1,310,488	148,130	165,839	-	(996,519)
Culture and recreation.....	3,921,927	908,550	142,439	2,300	(2,868,638)
Community preservation.....	-	-	73,383	380,300	453,683
Interest.....	6,720,145	-	-	-	(6,720,145)
Total Governmental Activities.....	143,152,560	6,663,215	36,578,353	24,764,030	(75,146,962)
<i>Business-Type Activities:</i>					
Water.....	6,431,921	6,954,575	-	-	522,654
Sewer.....	8,701,174	9,200,062	-	636,000	1,134,888
Municipal Light.....	23,418,538	24,753,863	115,000	-	1,450,325
Total Business-Type Activities.....	38,551,633	40,908,500	115,000	636,000	3,107,867
Total Primary Government.....	\$ 181,704,193	\$ 47,571,715	\$ 36,693,353	\$ 25,400,030	\$ (72,039,095)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(75,146,962)	3,107,867	(72,039,095)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	109,426,497	-	109,426,497
Tax and other liens.....	484,715	-	484,715
Motor vehicle and other excise taxes.....	3,603,617	-	3,603,617
Community preservation tax.....	1,597,363	-	1,597,363
Penalties and interest on taxes.....	357,437	-	357,437
Grants and contributions not restricted to specific programs.....	2,943,525	-	2,943,525
Unrestricted investment income.....	1,913,343	289,749	2,203,092
<i>Transfers, net</i>	1,646,933	(1,146,933)	500,000
Total general revenues and transfers.....	121,973,430	(857,184)	121,116,246
Change in net position.....	46,826,468	2,250,683	49,077,151
<i>Net position:</i>			
Beginning of year (as revised).....	31,280,072	63,532,366	94,812,438
End of year..... \$	<u>78,106,540</u>	<u>65,783,049</u>	<u>143,889,589</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2021

	General	Belmont High School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 33,424,956	\$ 90,945,439	\$ 852,065	\$ 21,747,327	\$ 146,969,787
Investments.....	7,171,955	-	4,393,186	7,051,779	18,616,920
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,606,969	-	6,050	-	1,613,019
Tax liens.....	1,097,324	-	-	-	1,097,324
Motor vehicle and other excise taxes.....	394,884	-	-	-	394,884
Departmental and other.....	404,044	-	-	206,170	610,214
Intergovernmental.....	-	1,479,244	-	2,168,301	3,647,545
Community preservation state share.....	-	-	326,000	-	326,000
TOTAL ASSETS.....	\$ 44,100,132	\$ 92,424,683	\$ 5,577,301	\$ 31,173,577	\$ 173,275,693
LIABILITIES					
Warrants payable.....	\$ 2,148,171	\$ 15,391,288	\$ 1,249	\$ 302,870	\$ 17,843,578
Accrued payroll.....	607,257	-	2,000	42,838	652,095
Tax refunds payable.....	484,683	-	-	-	484,683
Other liabilities.....	62,654	-	-	374	63,028
Unearned revenue.....	-	-	-	1,366,762	1,366,762
TOTAL LIABILITIES.....	3,302,765	15,391,288	3,249	1,712,844	20,410,146
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	3,249,251	-	53,693	-	3,302,944
Unavailable revenue.....	3,234,753	-	332,051	1,298,192	4,864,996
TOTAL DEFERRED INFLOWS OF RESOURCES.....	6,484,004	-	385,744	1,298,192	8,167,940
FUND BALANCES					
Nonspendable.....	-	-	-	3,252,910	3,252,910
Restricted.....	-	77,033,395	5,188,308	24,909,631	107,131,334
Committed.....	2,887,471	-	-	-	2,887,471
Assigned.....	9,842,814	-	-	-	9,842,814
Unassigned.....	21,583,078	-	-	-	21,583,078
TOTAL FUND BALANCES.....	34,313,363	77,033,395	5,188,308	28,162,541	144,697,607
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 44,100,132	\$ 92,424,683	\$ 5,577,301	\$ 31,173,577	\$ 173,275,693

See notes to basic financial statements.

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

JUNE 30, 2021

Total governmental fund balances.....		\$ 144,697,607
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		332,302,967
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		4,864,996
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.....		(1,394,398)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		6,707,552
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,980,269)
Inventory is capitalized in the Statement of Activities.....		140,166
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(232,653,877)	
Net pension liability.....	(59,198,670)	
Other postemployment benefits.....	(106,529,234)	
Landfill closure.....	(7,044,000)	
Compensated absences.....	<u>(1,837,544)</u>	
Net effect of reporting long-term liabilities.....		(407,263,325)
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>31,244</u>
Net position of governmental activities.....		<u>\$ 78,106,540</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	General	Belmont High School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 109,677,668	\$ -	\$ -	\$ -	\$ 109,677,668
Tax liens.....	228,255	-	-	-	228,255
Motor vehicle and other excise taxes.....	3,513,818	-	-	-	3,513,818
Charges for services.....	2,363,531	-	-	232,171	2,595,702
Penalties and interest on taxes.....	357,437	-	-	-	357,437
Licenses and permits.....	1,240,234	-	-	-	1,240,234
Fines and forfeitures.....	185,293	-	-	-	185,293
Intergovernmental - Teachers Retirement.....	15,581,344	-	-	-	15,581,344
Intergovernmental - other.....	12,218,592	23,833,351	-	10,717,415	46,769,358
Departmental and other.....	-	-	-	3,670,063	3,670,063
Community preservation taxes.....	-	-	1,464,087	-	1,464,087
Community preservation state match.....	-	-	387,503	-	387,503
Contributions and donations.....	-	-	73,383	355,445	428,828
Investment income (loss).....	423,525	-	(3,788)	1,480,071	1,899,808
TOTAL REVENUES.....	145,789,697	23,833,351	1,921,185	16,455,165	187,999,398
EXPENDITURES:					
Current:					
General government.....	2,740,100	-	142,530	1,329,858	4,212,488
Public safety.....	12,228,087	-	597,774	5,240,695	18,066,556
Education.....	76,440,051	105,672,099	-	12,023,391	194,135,541
Public works.....	12,020,457	-	-	3,330,368	15,350,825
Health and human services.....	910,946	-	-	125,136	1,036,082
Culture and recreation.....	2,525,071	-	637,519	275,700	3,438,290
Pension benefits.....	8,895,600	-	-	-	8,895,600
Employee benefits.....	5,337,690	-	-	-	5,337,690
State and county charges.....	1,973,327	-	-	-	1,973,327
Debt service:					
Principal.....	6,860,000	-	-	-	6,860,000
Interest.....	7,864,266	-	-	-	7,864,266
TOTAL EXPENDITURES.....	137,795,595	105,672,099	1,377,823	22,325,148	267,170,665
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	7,994,102	(81,838,748)	543,362	(5,869,983)	(79,171,267)
OTHER FINANCING SOURCES (USES):					
Transfers in.....	1,959,221	3,019	10,000	1,481,415	3,453,655
Transfers out.....	(1,481,415)	-	-	(325,307)	(1,806,722)
TOTAL OTHER FINANCING SOURCES (USES)...	477,806	3,019	10,000	1,156,108	1,646,933
NET CHANGE IN FUND BALANCES.....	8,471,908	(81,835,729)	553,362	(4,713,875)	(77,524,334)
FUND BALANCES AT BEGINNING OF YEAR (as revised)...	25,841,455	158,869,124	4,634,946	32,876,416	222,221,941
FUND BALANCES AT END OF YEAR.....	\$ 34,313,363	\$ 77,033,395	\$ 5,188,308	\$ 28,162,541	\$ 144,697,607

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, 2021

Net change in fund balances - total governmental funds.....		\$ (77,524,334)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	113,877,173	
Depreciation expense.....	<u>(5,315,781)</u>	
Net effect of reporting capital assets.....		108,561,392
<p>Governmental funds report inventories as expenditures. However in the Statement of Activities the cost of those assets is capitalized and expensed when depleted.....</p>		
		(2,550)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		319,162
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Net amortization of premium from issuance of bonds.....	1,094,648	
Net change in deferred charge on refunding.....	(29,469)	
Debt service principal payments.....	<u>6,860,000</u>	
Net effect of reporting long-term debt.....		7,925,179
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	47,123	
Net change in accrued interest on long-term debt.....	78,942	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(4,042,481)	
Net change in net pension liability.....	6,163,827	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	7,403,844	
Net change in other postemployment benefits liability.....	(4,552,016)	
Net change in landfill closure.....	<u>(133,000)</u>	
Net effect of recording long-term liabilities.....		4,966,239
<p>The net activity of internal service funds is reported with Governmental Activities.....</p>		
		<u>2,581,380</u>
Change in net position of governmental activities.....		<u>\$ 46,826,468</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light December 31, 2020	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 5,229,479	\$ 6,954,031	\$ 16,748,424	\$ 28,931,934	\$ 7,807,552
Receivables, net of allowance for uncollectibles:					
Liens - user charges.....	48,119	66,857	-	114,976	-
User charges.....	1,607,353	2,148,691	1,662,258	5,418,302	-
Inventory.....	302,904	24,078	766,737	1,093,719	-
Other assets.....	-	-	87,573	87,573	-
Purchased power advanced deposits.....	-	-	1,795,601	1,795,601	-
Total current assets.....	<u>7,187,855</u>	<u>9,193,657</u>	<u>21,060,593</u>	<u>37,442,105</u>	<u>7,807,552</u>
NONCURRENT:					
Restricted cash and cash equivalents.....	-	-	13,261,806	13,261,806	-
Capital assets, nondepreciable.....	3,138	-	-	3,138	-
Capital assets, net of accumulated depreciation.....	<u>20,549,742</u>	<u>24,706,492</u>	<u>26,527,784</u>	<u>71,784,018</u>	<u>-</u>
Total noncurrent assets.....	<u>20,552,880</u>	<u>24,706,492</u>	<u>39,789,590</u>	<u>85,048,962</u>	<u>-</u>
TOTAL ASSETS.....	<u>27,740,735</u>	<u>33,900,149</u>	<u>60,850,183</u>	<u>122,491,067</u>	<u>7,807,552</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions.....	126,589	70,419	2,525,180	2,722,188	-
Deferred outflows related to other postemployment benefits.....	<u>4,610</u>	<u>4,738</u>	<u>59,745</u>	<u>69,093</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>131,199</u>	<u>75,157</u>	<u>2,584,925</u>	<u>2,791,281</u>	<u>-</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	173,837	118,846	2,324,950	2,617,633	-
Accrued payroll.....	15,947	14,529	-	30,476	-
Health claims payable.....	-	-	-	-	1,100,000
Accrued interest.....	-	67,183	-	67,183	-
Customer deposits.....	-	-	417,735	417,735	-
Compensated absences.....	3,496	3,727	16,817	24,040	-
Bonds payable.....	<u>770,120</u>	<u>765,856</u>	<u>1,314,938</u>	<u>2,850,914</u>	<u>-</u>
Total current liabilities.....	<u>963,400</u>	<u>970,141</u>	<u>4,074,440</u>	<u>6,007,981</u>	<u>1,100,000</u>
NONCURRENT:					
Compensated absences.....	66,420	70,815	319,513	456,748	-
Net pension liability.....	1,400,626	1,052,849	7,870,726	10,324,201	-
Net other postemployment benefits liability.....	1,241,487	1,275,766	4,333,167	6,850,420	-
Bonds payable.....	<u>4,913,909</u>	<u>7,255,564</u>	<u>19,583,697</u>	<u>31,753,170</u>	<u>-</u>
Total noncurrent liabilities.....	<u>7,622,442</u>	<u>9,654,994</u>	<u>32,107,103</u>	<u>49,384,539</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>8,585,842</u>	<u>10,625,135</u>	<u>36,181,543</u>	<u>55,392,520</u>	<u>1,100,000</u>
DEFERRED INFLOWS OF RESOURCES					
Contribution in aid of construction, net of amortization.....	-	-	827,156	827,156	-
Rate stabilization reserve.....	-	-	2,175,688	2,175,688	-
Deferred inflows related to pensions.....	474,158	89,344	281,063	844,565	-
Deferred inflows related to other postemployment benefits.....	<u>15,508</u>	<u>15,936</u>	<u>227,926</u>	<u>259,370</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>489,666</u>	<u>105,280</u>	<u>3,511,833</u>	<u>4,106,779</u>	<u>-</u>
NET POSITION					
Net investment in capital assets.....	15,357,445	18,970,300	17,581,028	51,908,773	-
Restricted for:					
Depreciation.....	-	-	9,254,137	9,254,137	-
Unrestricted.....	<u>3,438,981</u>	<u>4,274,591</u>	<u>(3,093,433)</u>	<u>4,620,139</u>	<u>6,707,552</u>
TOTAL NET POSITION.....	<u>\$ 18,796,426</u>	<u>\$ 23,244,891</u>	<u>\$ 23,741,732</u>	<u>\$ 65,783,049</u>	<u>\$ 6,707,552</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light December 31, 2020	Total	
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 3,980,560
Employer contributions.....	-	-	-	-	13,489,992
Charges for services.....	6,954,575	9,200,062	24,437,130	40,591,767	-
Other.....	-	-	316,733	316,733	1,086,959
TOTAL OPERATING REVENUES	6,954,575	9,200,062	24,753,863	40,908,500	18,557,511
OPERATING EXPENSES:					
Cost of services and administration.....	5,497,612	7,688,843	21,182,289	34,368,744	-
Depreciation.....	828,383	843,712	1,482,816	3,154,911	-
Employee benefits.....	-	-	-	-	15,989,666
TOTAL OPERATING EXPENSES	6,325,995	8,532,555	22,665,105	37,523,655	15,989,666
OPERATING INCOME (LOSS)	628,580	667,507	2,088,758	3,384,845	2,567,845
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	7,682	5,431	276,636	289,749	13,535
Interest expense.....	(105,926)	(168,619)	(753,433)	(1,027,978)	-
Intergovernmental - other.....	-	-	115,000	115,000	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(98,244)	(163,188)	(361,797)	(623,229)	13,535
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	530,336	504,319	1,726,961	2,761,616	2,581,380
CAPITAL CONTRIBUTIONS	-	636,000	-	636,000	-
TRANSFERS:					
Transfers in.....	1,803	3,067	-	4,870	-
Transfers out.....	-	(1,803)	(1,150,000)	(1,151,803)	-
TOTAL TRANSFERS	1,803	1,264	(1,150,000)	(1,146,933)	-
CHANGE IN NET POSITION	532,139	1,141,583	576,961	2,250,683	2,581,380
NET POSITION AT BEGINNING OF YEAR	18,264,287	22,103,308	23,164,771	63,532,366	4,126,172
NET POSITION AT END OF YEAR	\$ 18,796,426	\$ 23,244,891	\$ 23,741,732	\$ 65,783,049	\$ 6,707,552

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light December 31, 2020	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 7,996,198	\$ 10,213,703	\$ 25,656,891	\$ 43,866,792	\$ 3,980,560
Receipts from interfund services provided.....	-	-	-	-	14,576,951
Payments to vendors.....	(4,339,440)	(5,623,751)	(15,623,372)	(25,586,563)	-
Payments to employees.....	(1,444,091)	(1,994,423)	(3,392,464)	(6,830,978)	-
Payments for benefits.....	-	-	(2,116,603)	(2,116,603)	-
Payments for interfund services used.....	-	-	-	-	(15,992,200)
NET CASH FROM OPERATING ACTIVITIES.....	2,212,667	2,595,529	4,524,452	9,332,648	2,565,311
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in.....	1,803	3,067	-	4,870	-
Transfers out.....	-	(1,803)	-	(1,803)	-
Grant Income.....	-	-	115,000	115,000	-
Grant Expense.....	-	-	(115,166)	(115,166)	-
Payment in lieu of taxes.....	-	-	(1,150,000)	(1,150,000)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	1,803	1,264	(1,150,166)	(1,147,099)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds.....	500,000	212,000	-	712,000	-
Capital contributions.....	-	636,000	-	636,000	-
Acquisition and construction of capital assets.....	(1,135,107)	(1,640,077)	(1,784,125)	(4,559,309)	-
Principal payments on bonds and notes.....	(806,579)	(733,612)	(1,170,000)	(2,710,191)	-
Contribution in aid of construction.....	-	-	31,255	31,255	-
Interest expense.....	(119,288)	(174,727)	(611,005)	(905,020)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,560,974)	(1,700,416)	(3,533,875)	(6,795,265)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income.....	7,682	5,431	25,277	38,390	13,536
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	661,178	901,808	(134,312)	1,428,674	2,578,847
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	4,568,301	6,052,223	30,144,542	40,765,066	5,228,705
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 5,229,479	\$ 6,954,031	\$ 30,010,230	\$ 42,193,740	\$ 7,807,552
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 628,580	\$ 667,507	\$ 2,088,758	\$ 3,384,845	\$ 2,567,845
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	828,383	843,712	1,509,499	3,181,594	-
Deferred (outflows)/inflows related to pensions.....	6,702	59,946	337,838	404,486	-
Deferred (outflows)/inflows related to other postemployment benefits.....	(86,283)	(88,667)	411,091	236,141	-
Deferred (outflows)/inflows related to rate stabilization reserve.....	-	-	835,380	835,380	-
Changes in assets and liabilities:					
Amortization of contribution in aid of construction.....	-	-	(26,683)	(26,683)	-
Allowance for doubtful accounts.....	-	-	109,948	109,948	-
Liens - user charges.....	2,661	966	-	3,627	-
User charges.....	1,038,962	1,012,675	(40,213)	2,011,424	-
Inventory.....	24,397	(7,896)	-	16,501	-
Other assets.....	-	-	(271,344)	(271,344)	-
Purchased power advanced deposits.....	-	-	(4,672)	(4,672)	-
Warrants payable.....	(132,318)	60,835	(217,361)	(288,844)	(2,534)
Accrued payroll.....	(2,275)	163	-	(2,112)	-
Accrued expenses.....	-	-	96,110	96,110	-
Customer deposits.....	-	-	(2,087)	(2,087)	-
Prepaid expenses.....	-	-	(32,833)	(32,833)	-
Compensated absences.....	(6,015)	(5,636)	-	(11,651)	-
Net pension liability.....	(143,176)	(2,590)	-	(145,766)	-
Net other postemployment benefits liability.....	53,049	54,514	(268,979)	(161,416)	-
Total adjustments.....	1,584,087	1,928,022	2,435,694	5,947,803	(2,534)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,212,667	\$ 2,595,529	\$ 4,524,452	\$ 9,332,648	\$ 2,565,311

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	Pension and Other Postemployment Benefit Trust Funds (1)	Private Purpose Trust Funds
ASSETS		
Cash and cash equivalents.....	\$ 7,152,077	\$ 48,418
Investments:		
Investments in Pension Reserve Investment Trust.....	48,743,405	-
Government sponsored enterprises.....	1,819,615	-
Equity securities.....	11,245,848	842,248
Equity mutual funds.....	24,663,779	-
Fixed income mutual funds.....	26,519,379	-
Real estate and alternative investments.....	23,968,708	-
Receivables, net of allowance for uncollectibles:		
Intergovernmental.....	67,459	-
TOTAL ASSETS	144,180,270	890,666
NET POSITION		
Restricted for pensions.....	137,990,529	-
Restricted for other postemployment benefits.....	6,189,741	-
Held in trust for other purposes.....	-	890,666
TOTAL NET POSITION	\$ 144,180,270	\$ 890,666

(1) The Pension Trust Fund is as of December 31, 2020.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

	Pension and Other Postemployment Benefit Trust Funds (1)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 10,862,003	\$ -
Employer contributions for other postemployment benefit payments....	4,950,666	-
Member contributions.....	2,907,914	-
Retirement benefits - transfers from other systems.....	172,827	-
Retirement benefits - 3(8)c contributions from other systems.....	296,862	-
Private donations.....	-	46,661
Intergovernmental.....	81,476	-
Total contributions.....	19,271,748	46,661
Net investment income:		
Investment income.....	2,634,351	17,228
Net change in fair value of investments.....	11,858,707	-
Less: investment expense.....	(495,793)	-
Net investment income (loss).....	13,997,265	17,228
TOTAL ADDITIONS.....	33,269,013	63,889
DEDUCTIONS:		
Administration.....	414,424	-
Retirement benefits - transfers to other systems.....	391,331	-
Retirement benefits - 3(8)c transfer to other systems.....	304,916	-
Retirement benefits and refunds.....	12,255,293	-
Other postemployment benefit payments.....	4,950,666	-
Educational scholarships.....	-	70,610
TOTAL DEDUCTIONS.....	18,316,630	70,610
NET INCREASE (DECREASE) IN NET POSITION.....	14,952,383	(6,721)
NET POSITION AT BEGINNING OF YEAR.....	129,227,887	897,387
NET POSITION AT END OF YEAR.....	\$ 144,180,270	\$ 890,666

(1) The Pension Trust Fund is as of December 31, 2020.

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 Select Board with staggered three-year terms. The Select Board has 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 Management 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 and the Private Purpose Trust Funds). 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 Select Board and one member appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

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, 90 Concord Ave, 3rd Floor, Suite 3, Belmont, MA 02478.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

Major Fund Criteria

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

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

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

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

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

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

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 Select Board 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.

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 the 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 affordable 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 allow the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial 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.

Sale of Electricity

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

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

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

G. Inventories***Government-Wide and Fund Financial Statements***

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

H. Capital Assets***Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, construction in progress, land improvements, buildings, machinery and equipment, vehicles and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and 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 3% of the cost of plant in service at the beginning of the calendar year, exclusive of land and land rights. The municipal light enterprise fund charges maintenance to expense when incurred. Replacements and betterments are charged to fixed assets.

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements, but 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 taxes paid in advance and unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Unavailable Revenue

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

K. Interfund Receivables and Payables

During the course of 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:

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

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

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Select Board has by resolution authorized the Town Accountant to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. 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 periodically reviews the Veribanc ratings and overall performance of each financial institution. At year-end, the carrying amount of deposits totaled \$179,497,133 and the bank balance totaled \$180,303,696. Of the bank balance, \$2,401,043 was covered by Federal Depository Insurance, \$6,180,649 was covered by the Depositors Insurance Fund, \$126,809,482 was insured/collateralized and \$44,912,522 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2020, the carrying amount of the Retirement System’s deposits totaled \$7,109,898 and the bank balance totaled \$7,133,795. All of the bank balance was covered by Federal Depository Insurance.

Investments

Following are the investments of the Town as of June 30, 2021, and the Retirement System as of December 31, 2020.

Town’s Investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>		<u>Quality Rating</u>
		<u>Under 1 Year</u>	<u>1-5 Years</u>	
<u>Debt securities:</u>				
U.S. treasury bonds.....	\$ 3,157,633	\$ 2,807,318	\$ 350,315	AAA
Government sponsored enterprises.....	10,728,687	2,024,201	8,704,486	AA+
Total debt securities.....	13,886,320	\$ 4,831,519	\$ 9,054,801	
<u>Other investments:</u>				
Equity securities.....	7,726,874			
Equity mutual funds.....	3,076,651			
Negotiable Certificates of Deposit.....	916,885			
MMDT - Cash portfolio.....	17,564,543			
Total investments.....	\$ 43,171,273			

Retirement System’s Investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>		<u>Quality Rating</u>
		<u>6-10 Years</u>		
<u>Debt securities:</u>				
Loomis Sayles Multisector Fund.....	\$ 14,134,814	\$ 14,134,814		BB
Carillon Reams Core Plus Bond Fund...	12,384,565	12,384,565		AA
Total debt securities.....	26,519,379	\$ 26,519,379		
<u>Other investments:</u>				
AEW Core Property Trust.....	3,992,428			
Equity securities.....	6,917,901			
PIMCO All Asset Fund.....	12,403,953			
Equity Commingled Funds.....	24,663,779			
Private Equity.....	7,572,327			
PRIT Hedge Fund Account.....	7,257,081			
PRIT Real Estate Fund.....	10,335,821			
PRIT International Equity Fund.....	17,708,976			
PRIT Emerging Markets.....	10,269,767			
PRIT Fund.....	3,171,760			
Total investments.....	\$ 130,813,172			

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 bonds, government sponsored enterprises and equity securities the Town has a custodial credit risk exposure of \$21,613,194 because the related securities are uninsured, unregistered and held by the counterparty.

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

The Retirement System has custodial credit risk exposure of \$8,515,093 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 People's United Bank. 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 0.019 to 16.28 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, 2021. 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 15% of the Retirement System's total assets (12% international equities and 3% 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, 2021:

Investment Type	June 30, 2021	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.....	\$ 3,157,633	\$ 3,157,633	\$ -	\$ -
Government sponsored enterprises.....	10,728,687	10,728,687	-	-
Total debt securities.....	13,886,320	13,886,320	-	-
<u>Other investments:</u>				
Equity securities.....	7,726,874	7,726,874	-	-
Equity mutual funds.....	3,076,651	3,076,651	-	-
Negotiable Certificates of Deposit.....	916,885	916,885	-	-
Total other investments.....	11,720,410	11,720,410	-	-
Total investments measured at fair value.....	25,606,730	\$ 25,606,730	\$ -	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	17,564,543			
Total investments.....	\$ 43,171,273			

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

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, 2020:

Investment Type	December 31, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
Loomis Sayles Multisector Bond Fund.....	\$ 14,134,814	\$ 14,134,814	\$ -	\$ -
Carillon Reams Core Plus Bond Fund.....	12,384,565	12,384,565	-	-
Total debt securities.....	26,519,379	26,519,379	-	-
<u>Other investments:</u>				
Equity securities.....	6,917,901	6,917,901	-	-
PIMCO All Asset Fund.....	12,403,953	12,403,953	-	-
Equity commingled funds.....	24,663,779	24,663,779	-	-
Private equity.....	7,572,327	-	-	7,572,327
AEW Core Property Trust.....	3,992,428	-	-	3,992,428
Total other investments.....	55,550,388	43,985,633	-	11,564,755
Total investments measured at fair value.....	82,069,767	\$ 70,505,012	\$ -	\$ 11,564,755
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	48,743,405			
Total investments.....	\$ 130,813,172			

Equity and fixed income 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. 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

Receivables as of June 30, 2021, 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.....	\$ 1,615,608	\$ (2,589)	\$ 1,613,019
Tax liens.....	1,097,324	-	1,097,324
Motor vehicle and other excise taxes.....	710,251	(315,367)	394,884
Departmental and other.....	891,415	(281,201)	610,214
Intergovernmental.....	3,647,545	-	3,647,545
Community preservation state share.....	326,000	-	326,000
Total.....	\$ 8,288,143	\$ (599,157)	\$ 7,688,986

Receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 48,119	\$ -	\$ 48,119
Water user charges.....	1,607,353	-	1,607,353
Sewer liens - user charges.....	66,857	-	66,857
Sewer user charges.....	2,148,691	-	2,148,691
Electric light user charges.....	2,135,783	(473,525)	1,662,258
Total.....	\$ 6,006,803	\$ (473,525)	\$ 5,533,278

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

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,338,502	\$ 351,776	\$ 1,690,278
Tax liens.....	1,097,324	-	1,097,324
Motor vehicle and other excise taxes.....	394,884	-	394,884
Departmental and other.....	404,043	186,414	590,457
Intergovernmental.....	-	1,092,053	1,092,053
Total.....	\$ 3,234,753	\$ 1,630,243	\$ 4,864,996

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 16,221,456	\$ -	\$ -	\$ 16,221,456
Construction in progress.....	69,841,481	106,070,137	(766,586)	175,145,032
Total capital assets not being depreciated..	86,062,937	106,070,137	(766,586)	191,366,488
<u>Capital assets being depreciated:</u>				
Land improvements.....	14,228,683	762,117	-	14,990,800
Buildings.....	146,182,903	5,172,648	-	151,355,551
Machinery and equipment.....	18,246,281	122,298	(1,693,000)	16,675,579
Vehicles.....	7,624,595	76,113	-	7,700,708
Infrastructure.....	49,669,652	2,440,446	-	52,110,098
Total capital assets being depreciated.....	235,952,114	8,573,622	(1,693,000)	242,832,736
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(5,300,398)	(647,477)	-	(5,947,875)
Buildings.....	(54,980,476)	(2,332,923)	-	(57,313,399)
Machinery and equipment.....	(16,518,835)	(789,108)	1,693,000	(15,614,943)
Vehicles.....	(5,713,296)	(334,840)	-	(6,048,136)
Infrastructure.....	(15,760,471)	(1,211,433)	-	(16,971,904)
Total accumulated depreciation.....	(98,273,476)	(5,315,781)	1,693,000	(101,896,257)
Total capital assets being depreciated, net.....	137,678,638	3,257,841	-	140,936,479
Total governmental activities capital assets, net....	\$ 223,741,575	\$ 109,327,978	\$ (766,586)	\$ 332,302,967

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 3,138	\$ -	\$ -	\$ 3,138
Construction in progress.....	208,328	-	(208,328)	-
Total capital assets not being depreciated....	211,466	-	(208,328)	3,138
<u>Capital assets being depreciated:</u>				
Land improvements.....	7,822	-	-	7,822
Buildings.....	519,034	320,000	-	839,034
Machinery and equipment.....	2,735,308	42,070	-	2,777,378
Vehicles.....	1,052,139	173,345	-	1,225,484
Infrastructure.....	38,589,437	808,020	-	39,397,457
Total capital assets being depreciated.....	42,903,740	1,343,435	-	44,247,175
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(7,822)	-	-	(7,822)
Buildings.....	(216,103)	(7,701)	-	(223,804)
Machinery and equipment.....	(1,374,823)	(455,294)	-	(1,830,117)
Vehicles.....	(936,439)	(51,291)	-	(987,730)
Infrastructure.....	(20,333,863)	(314,097)	-	(20,647,960)
Total accumulated depreciation.....	(22,869,050)	(828,383)	-	(23,697,433)
Total capital assets being depreciated, net.....	20,034,690	515,052	-	20,549,742
Total water activities capital assets, net.....	\$ 20,246,156	\$ 515,052	\$ (208,328)	\$ 20,552,880
	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 3,076,473	\$ 332,921	\$ -	\$ 3,409,394
Vehicles.....	749,515	-	-	749,515
Infrastructure.....	28,063,385	1,307,156	-	29,370,541
Total capital assets being depreciated.....	31,889,373	1,640,077	-	33,529,450
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(921,649)	(399,887)	-	(1,321,536)
Vehicles.....	(1,536,262)	(50,281)	-	(1,586,543)
Infrastructure.....	(5,521,335)	(393,544)	-	(5,914,879)
Total accumulated depreciation.....	(7,979,246)	(843,712)	-	(8,822,958)
Total sewer activities capital assets, net.....	\$ 23,910,127	\$ 796,365	\$ -	\$ 24,706,492

	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.....	62,440	289,826	(28,081)	324,185
Total capital assets not being depreciated....	1,649,037	289,826	(28,081)	1,910,782
<u>Capital assets being depreciated:</u>				
Distribution Plant.....	40,329,804	1,265,760	(425,589)	41,169,975
General Plant.....	9,986,841	256,620	(480,800)	9,762,661
Total capital assets being depreciated.....	50,316,645	1,522,380	(906,389)	50,932,636
<u>Less accumulated depreciation for:</u>				
Distribution Plant.....	(17,866,221)	(1,209,894)	425,589	(18,650,526)
General Plant.....	(7,846,303)	(299,605)	480,800	(7,665,108)
Total accumulated depreciation.....	(25,712,524)	(1,509,499)	906,389	(26,315,634)
Total capital assets being depreciated, net.....	24,604,121	12,881	-	24,617,002
Total municipal light activities capital assets, net....	\$ 26,253,158	\$ 302,707	\$ (28,081)	\$ 26,527,784

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

Governmental Activities:	
General government.....	\$ 915,136
Public safety.....	998,413
Education.....	1,805,821
Public works.....	1,104,097
Health and human services.....	26,246
Culture and recreation.....	466,068
Total depreciation expense - governmental activities.....	\$ 5,315,781
Business-Type Activities:	
Water.....	\$ 828,383
Sewer.....	843,712
Municipal Light.....	1,509,499
Total depreciation expense - business-type activities.....	\$ 3,181,594

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers for the year ended June 30, 2021, are summarized as follows:

Transfers Out:	Transfers In:						Total
	General fund	Belmont High School Construction fund	Community Preservation fund	Nonmajor governmental funds	Water Enterprise fund	Sewer Enterprise fund	
General fund.....	\$ -	\$ -	\$ -	\$ 1,481,415	\$ -	\$ -	\$ 1,481,415 (1)
Nonmajor governmental funds.....	309,221	3,019	10,000	-	-	3,067	325,307 (2)
Sewer Enterprise fund.....	-	-	-	-	1,803	-	1,803 (3)
Light Enterprise fund.....	1,650,000	-	-	-	-	-	1,650,000 (4)
Total.....	\$ 1,959,221	\$ 3,019	\$ 10,000	\$ 1,481,415	\$ 1,803	\$ 3,067	\$ 3,458,525

The \$500,000 variance in transfers, as reported on page 15, is due to the Light Plant being reported on a calendar year basis while the Town is reported on a fiscal year basis. The \$500,000 was paid to the Town subsequent to December 31, 2020.

- (1) Represents amounts voted to fund various capital projects and a transfer to the Town Special Revenue Fund.
- (2) Represents amounts voted from receipts reserved for appropriation to fund the operating budget and transfers from various nonmajor funds to the High School Construction major fund, Community Preservation major fund, and Sewer enterprise fund.
- (3) Represents interest transferred from the Sewer enterprise fund to the Water enterprise fund.
- (4) Represents amounts voted for payments in lieu of taxes from the Light enterprise fund.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

The Town and the Municipal Light Plant did not have any notes outstanding as of June 30, 2021 and December 31, 2020, respectively.

NOTE 7 – LONG-TERM DEBT

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

The Town issued \$712,000 of new Massachusetts Water Resource Authority (MWRA) bonds in 2021. Of the total, \$212,000 was related to an MWRA Sewer bond and \$500,000 was related to an MWRA Water bond.

Details related to the outstanding indebtedness at June 30, 2021 and the debt service requirements are reported on the following pages.

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
General Obligation Bonds Payable:				
2012 Debt Refunding.....	2023	\$ 9,956,000	3.00-5.00	\$ 2,410,000
Ladder Truck.....	2024	890,000	3.00-5.00	260,000
Fire Engine.....	2024	500,000	3.00-5.00	150,000
Harris Field Repairs.....	2024	960,000	3.00-5.00	285,000
Town Center.....	2025	1,450,000	3.00	580,000
Underwood Pool.....	2030	2,790,000	2.00-3.00	1,665,000
Fire Station.....	2026	979,900	2.00-3.00	474,900
Land.....	2025	350,150	3.00	150,000
Public Safety Radio Equipment.....	2026	1,086,000	4.00-2.00	530,000
Modular Classrooms.....	2028	2,426,000	3.00-5.00	1,811,000
High School.....	2049	94,428,000	3.00-5.00	91,010,000
DPW/ Police Station.....	2049	6,988,000	3.00-5.00	6,735,000
2019 Debt Refunding.....	2035	19,650,000	3.00-4.00	17,490,000
High School.....	2050	93,927,500	2.00-5.00	92,135,000
DPW Building & Police Station	2050	3,287,500	2.00-5.00	<u>3,225,000</u>
Total Bonds Payable.....				218,910,900
Add: Unamortized premium on bonds.....				<u>13,742,977</u>
Total Governmental Bonds Payable, net.....				\$ <u>232,653,877</u>

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

Year	Principal	Interest	Total
2022.....	\$ 6,855,000	\$ 7,585,452	\$ 14,440,452
2023.....	7,095,000	7,269,403	14,364,403
2024.....	6,810,000	6,951,328	13,761,328
2025.....	6,385,000	6,643,327	13,028,327
2026.....	6,469,900	6,345,552	12,815,452
2027.....	6,395,000	6,042,755	12,437,755
2028.....	6,691,000	5,735,631	12,426,631
2029.....	6,695,000	5,427,479	12,122,479
2030.....	6,990,000	5,134,005	12,124,005
2031.....	7,100,000	4,827,379	11,927,379
2032.....	7,390,000	4,540,979	11,930,979
2033.....	7,695,000	4,242,979	11,937,979
2034.....	7,970,000	3,994,505	11,964,505
2035.....	8,180,000	3,786,231	11,966,231
2036.....	6,830,000	3,572,105	10,402,105
2037.....	7,000,000	3,399,179	10,399,179
2038 and thereafter....	<u>106,360,000</u>	<u>22,828,728</u>	<u>129,188,728</u>
Total.....	\$ <u>218,910,900</u>	\$ <u>108,327,017</u>	\$ <u>327,237,917</u>

Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
General Obligation Bonds Payable:				
General Obligation Bonds of 2015...	2034	\$ 482,000	2.75% - 4.00%	\$ 305,000
General Obligation Bonds of 2016...	2035	269,602	2.00% - 3.25%	175,000
General Obligation Bonds of 2018...	2038	2,054,000	3.00-5.00%	1,734,000
General Obligation Bonds of 2019...	2029	614,000	4.00 - 5.00%	485,000
Subtotal General Obligation Water Bonds				2,699,000
Direct Borrowings Payable				
MWRA Water.....	2022	1,000,000	0%	100,000
MWRA Water.....	2023	500,000	0%	100,000
MWRA Water.....	2024	500,000	0%	150,000
MWRA Water.....	2025	500,000	0%	200,000
MWRA Water.....	2026	500,000	0%	250,000
MWRA Water.....	2027	477,000	0%	333,900
MWRA Water.....	2028	1,000,000	0%	800,000
MWRA Water.....	2030	50,000	0%	450,000
MWRA Water.....	2032	500,000	0%	500,000
Subtotal Direct Borrowing Water Bonds				2,883,900
Add: Unamortized premium on bonds				101,129
Total Water Bonds Payable.....				5,684,029
General Obligation Bonds Payable:				
2016 Debt Refunding.....	2027	2,300,000	2.00-3.00	710,100
Subtotal General Obligation Sewer Bonds				710,100
Direct Borrowings Payable				
MCWT Sewer.....	2031	7,226,667	2.00	3,973,479
MCWT Sewer.....	2033	1,259,950	2.00	1,027,808
MCWT Sewer.....	2035	2,300,000	2.00	1,710,553
MWRA Sewer.....	2035	245,850	0.00	196,680
MWRA Sewer.....	2035	212,000	0.00	190,800
MWRA Sewer.....	2031	212,000	0.00	212,000
Subtotal Direct Borrowing Sewer Bonds				7,311,320
Total Sewer Bonds Payable.....				8,021,420
Light Plant Construction.....	2032	14,000,000	2.75-5.00	10,330,000
Light Plant Construction.....	2034	12,100,000	2.75-5.00	9,360,000
Subtotal light bonds				19,690,000
Add: Unamortized premium on bonds				1,208,635
Total Light Bonds Payable.....				20,898,635
Total Enterprise Bonds Payable, net.....				\$ 34,604,084

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>
2022..... \$	2,738,556	\$ 968,381	\$ 3,706,937
2023.....	2,684,830	881,830	3,566,660
2024.....	2,696,337	820,018	3,516,355
2025.....	2,708,085	733,483	3,441,568
2026.....	2,681,004	654,911	3,335,915
2027.....	2,668,144	589,939	3,258,083
2028.....	2,629,635	513,630	3,143,265
2029.....	2,645,688	439,045	3,084,733
2030.....	2,543,703	361,475	2,905,178
2031.....	2,540,791	275,895	2,816,686
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>33,294,320</u>	<u>\$ 6,711,278</u>	<u>\$ 40,005,598</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, 2021, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Belmont High School.....	\$ 45,671,115
Water Main.....	<u>1,852,000</u>
Total.....	<u>\$ 47,523,115</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2021, 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.....	\$ 225,770,900	\$ -	\$ (6,860,000)	\$ -	\$ -	\$ 218,910,900	\$ 6,855,000
Add: Unamortized premium on bonds.....	14,837,625	-	-	-	(1,094,648)	13,742,977	1,080,667
Total bonds payable.....	240,608,525	-	(6,860,000)	-	(1,094,648)	232,653,877	7,935,667
Landfill closure.....	6,911,000	-	-	133,000	-	7,044,000	70,000
Compensated absences.....	1,884,667	-	-	47,110	(94,233)	1,837,544	91,877
Net pension liability.....	65,362,497	-	-	3,005,751	(9,169,578)	59,198,670	-
Net other postemployment benefits liability.....	101,977,218	-	-	9,448,091	(4,896,075)	106,529,234	-
Total governmental activity long-term liabilities.....	\$ 416,743,907	\$ -	\$ (6,860,000)	\$ 12,633,952	\$ (15,254,534)	\$ 407,263,325	\$ 8,097,544
Business-Type Activities:							
Long-term bonds payable.....	\$ 35,292,511	\$ 712,000	\$ (2,710,191)	\$ -	\$ -	\$ 33,294,320	\$ 2,838,494
Add: Unamortized premium on bonds.....	1,423,064	-	-	-	(113,300)	1,309,764	12,420
Total bonds payable.....	36,715,575	712,000	(2,710,191)	-	(113,300)	34,604,084	2,850,914
Compensated absences.....	422,039	-	-	79,852	(21,103)	480,788	24,040
Net pension liability.....	10,413,274	-	-	290,958	(380,031)	10,324,201	-
Net other postemployment benefits liability.....	6,486,004	-	-	480,109	(115,693)	6,850,420	-
Total business-type activity long-term liabilities.....	\$ 54,036,892	\$ 712,000	\$ (2,710,191)	\$ 850,919	\$ (630,127)	\$ 52,259,493	\$ 2,874,954

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

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balance according to constraints imposed on the uses of those resources.

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

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

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

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

	General	Belmont High School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 3,252,910	\$ 3,252,910
Restricted for:					
Belmont High School Construction Fund.....	-	77,033,395	-	-	77,033,395
Community Preservation Fund.....	-	-	5,188,308	-	5,188,308
Nonmajor governmental funds.....	-	-	-	24,909,631	24,909,631
Committed to:					
Articles and continuing appropriations:					
Ash Landfill Stabilization Fund.....	2,887,471	-	-	-	2,887,471
Assigned to:					
Encumbrances:					
General government.....	679,872	-	-	-	679,872
Public safety.....	50,185	-	-	-	50,185
Education.....	499,611	-	-	-	499,611
Public works.....	50,120	-	-	-	50,120
Human services.....	959	-	-	-	959
Culture and recreation.....	50,408	-	-	-	50,408
Employee benefits.....	385,660	-	-	-	385,660
Free Cash used for 2022 Appropriations.....	7,113,199	-	-	-	7,113,199
Release of overlay for 2022 Budget.....	235,000	-	-	-	235,000
Free cash used to offset future property tax debt exclusion principal and interest.....	727,800	-	-	-	727,800
Free Cash used for 2022 OPEB contribution....	50,000	-	-	-	50,000
Unassigned.....	21,583,078	-	-	-	21,583,078
Total Fund Balances.....	\$ 34,313,363	\$ 77,033,395	\$ 5,188,308	\$ 28,162,541	\$ 144,697,607

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 \$1,884,860 and is reported as unassigned fund balance within the general fund; the balance of the Ash Landfill Stabilization Fund is \$2,887,471 and is reported as committed fund balance within the general fund.

NOTE 9 – LANDFILL CLOSURE

State and federal laws and regulations require the Town to close its old landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town operated a solid waste landfill that ceased operations in 1973. The Town has reflected \$7.0 million as the estimate of the landfill closure liability at June 30, 2021. This amount is based on estimates of what it would cost to perform all future closure and post closure care.

Actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations. Town meeting has voted a special purpose stabilization fund for this liability, which had a balance of \$2.9 million at year end.

NOTE 10 – RISK FINANCING

The Town is self-insured for its health insurance activities. The health insurance activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

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

Health Insurance

The Town estimates Incurred But Not Reported (IBNR) claims based on an approximate two month claims paid average. The Town purchases individual stop loss insurance for claims in excess of the \$100,000 coverage provided by the Town. At June 30, 2021, the amount of the liability for health insurance claims totaled \$1.1 million.

Changes in the reported liability since July 1, 2019, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2020.....	\$ 1,175,000	\$ 18,174,135	\$ (18,249,135)	\$ 1,100,000
2021.....	1,100,000	15,989,666	(15,989,666)	1,100,000

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, 2021, 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 11 – PENSION PLAN

The Town and the Belmont Municipal Light Plant report their figures on different year ends and as a result, there will always be a variance between the figures reported in the footnotes and the required supplementary information to the actual 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, 2020. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$15,581,344 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 \$126,150,097 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, 2020, the BCRS membership consists of the following:

Active members.....	498
Inactive members.....	270
Retirees and beneficiaries currently receiving benefits.....	<u>351</u>
 Total.....	 <u><u>1,119</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 actuarially determined contribution that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The total member units’ contribution for the year ended December 31, 2020, was \$10,784,043, 35% 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 \$9,549,609.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2021, were as follows:

Total pension liability.....	\$ 207,612,163
Total pension plan's fiduciary net position.....	<u>(137,990,529)</u>
Total net pension liability.....	<u><u>\$ 69,621,634</u></u>
 The pension plan's fiduciary net position as a percentage of the total pension liability.....	 66.47%

At June 30, 2021, the Town reported a liability of \$68.8 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 for the Town and December 31, 2019, 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, 2020 for the Town and for the Electric Light Plant. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2020 (inclusive of the Electric Light Plant), the Town’s proportion was 98.81%, which is the same as that on December 31, 2019.

Pension Expense

For the year ended June 30, 2021, the Town recognized pension expense of \$7,349,146 and for the year ended December 31, 2020, the Electric Light Plant recognized pension expense of \$1,328,744. At June 30, 2021, the Town and the Electric Light Plant reported net deferred outflows/(inflows) of resources related to pensions of (\$825,791) and \$2,244,117, respectively.

The balances of deferred outflows and inflows at June 30, 2021 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.....	\$ 845,054	\$ -	\$ 845,054
Difference between projected and actual earnings, net.....	-	(4,619,158)	(4,619,158)
Changes in assumptions.....	3,226,046	-	3,226,046
Changes in proportion and proportionate share of contributions...	419,354	(697,087)	(277,733)
Total deferred outflows/(inflows) of resources.....	<u>\$ 4,490,454</u>	<u>\$ (5,316,245)</u>	<u>\$ (825,791)</u>

The balances of deferred outflows and inflows at June 30, 2021 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.....	\$ 168,543	\$ -	\$ 168,543
Difference between projected and actual earnings, net.....	-	(281,063)	(281,063)
Changes in assumptions.....	543,101	-	543,101
Changes in proportion and proportionate share of contributions...	707,464	-	707,464
Contributions made subsequent to the measurement date.....	1,106,072	-	1,106,072
Total deferred outflows/(inflows) of resources.....	<u>\$ 2,525,180</u>	<u>\$ (281,063)</u>	<u>\$ 2,244,117</u>

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

Year ended June 30:

2022.....	\$ 972,546
2023.....	1,087,763
2024.....	(1,079,194)
2025.....	(668,861)
	<u>\$ 312,254</u>

The remaining balance of net deferred inflows/outflows of the Light Plant of \$1,106,072 will be an adjustment to the Net Pension Liability in their calendar year 2021 financial statements.

Actuarial Assumptions - The total pension liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement that was rolled forward to December 31, 2020:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Payments increasing 4.50% for the 2003 ERI liability and remaining liability amortized so that the total payment increases 5.75% per year.
Remaining amortization period.....	As of January 1, 2020, 5 years for the 2003 ERI liability and 10 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.....	7.15%
Discount rate.....	7.15%
Inflation rate.....	3.00% per year
Projected salary increases.....	Groups 1/2: 3.75% based on service. Group 4: 4.25% - 7% based on service.
Cost of living adjustments.....	3% of first \$13,000
Mortality rates.....	<p><i>Pre-Retirement:</i> RP-2014 Blue Collar Employee Mortality Table set forward one year for females and projected generationally with Scale MP-2017.</p> <p><i>Healthy Retiree:</i> RP-2014 Blue Collar Healthy Annuitant Table set forward one year for females and projected generationally with Scale MP-2017.</p> <p><i>Disabled Retiree:</i> RP-2014 Blue Collar Healthy Annuitant Table set forward one year and projected generationally with Scale MP-2017.</p>

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, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	28.00%	6.28%
International developed markets equity..	10.00%	7.00%
International emerging markets equity...	8.00%	8.82%
Core fixed income.....	8.00%	0.38%
High-yield fixed income.....	10.00%	2.97%
Emerging market debt.....	5.00%	3.16%
Real estate.....	12.00%	3.50%
Hedge fund, GTAA, risk parity.....	12.00%	2.35%
Private equity.....	7.00%	10.11%
Total.....	100.00%	

Rate of return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.30%. 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 7.15%. 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 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

	December 31, 2020 Measurement Date		
	1% Decrease (6.15%)	Current Discount (7.15%)	1% Increase (8.15%)
The Town's proportionate share of the net pension liability.....	\$ 81,793,297	\$ 61,652,145	\$ 44,678,205
The Electric Light Plant's proportionate share of the net pension liability.....	\$ 10,145,571	\$ 7,870,726	\$ 5,952,021

Change of Assumptions

- None.

Changes in Plan Provisions

- None.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The GASB #75 liability detailed on pages 61 and 62 for the Town and the Electric Light Plant, combined equal the total OPEB liability reported of \$113,379,654, on page 13 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 2021, the Town’s contribution to the plan totaled \$5.0 million.

During 2021, the Town pre-funded future OPEB liabilities totaling \$77,960 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, 2021, the balance of this fund totaled \$6.2 million.

Investment policy

The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s investment policy. The Town’s policy is to fund contributions of a minimum of \$50,000 per year to the OPEB Trust through 2029 and the Town’s intention is to redirect some or all of the amount paid to the Retirement System (approximately \$12 million annually) towards the unfunded OPEB liability beginning in 2030 when the Retirement System is fully funded.

Employees Covered by Benefit Terms – The following tables represent the Plan’s membership as of June 30, 2021, for the Town and as of December 31, 2020, for the Electric Light Plant:

<u>Town</u>	
Active members.....	579
Inactive members currently receiving benefits.....	<u>672</u>
Total.....	<u><u>1,251</u></u>
 <u>Electric Light Plant</u>	
Active members.....	30
Inactive members currently receiving benefits.....	<u>29</u>
Total.....	<u><u>59</u></u>

Components of OPEB Liability – The following table represents the components of the Town’s OPEB liability as of June 30, 2021:

Total OPEB liability.....	\$ 114,818,251
Less: OPEB plan's fiduciary net position.....	<u>(5,771,764)</u>
Net OPEB liability.....	<u><u>\$ 109,046,487</u></u>
 The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	 5.03%

The following table represents the components of the Electric Light Plant's OPEB liability as of December 31, 2020:

Total OPEB liability.....	\$	4,722,380
Less: OPEB plan's fiduciary net position.....		<u>(389,213)</u>
Net OPEB liability.....	\$	<u>4,333,167</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....		8.24%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, to be in accordance with GASB #75:

- Valuation date..... June 30, 2019
- Actuarial cost method..... Entry Age Normal, Level percentage of payroll
- Investment rate of return..... 6.50%
- Discount rate..... Town- 5.85% as of June 30, 2021 and 5.84% as of June 30, 2020
Electric Light - 5.83% as of December 31, 2020 and 5.93% as of December 31, 2019
- Inflation rate..... 3.00%
- Projected salary increases..... Groups 1/2 (excluding teachers): 6.00% decreasing over 9 years to an ultimate of 3.75% per year. Group 4: 7.00% 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..... Medical (Non-Medicare): 0.23% then 7.25% decreasing by 0.25% each year to an ultimate level of 4.50% per year.

Medical (Medicare): 6.50% decreasing by 0.25% each year to an ultimate level of 4.50% per year.

Prescription Drug (Non-Medicare): 1.16%, then 8.25% decreasing by 0.25% each year to an ultimate level of 4.50% per year.

Prescription Drug (Medicare): 7.00% decreasing by 0.25% each year to an ultimate level of 4.50% per year.

Medicare Advantage: 4.50%.

Contributions: Retiree contributions are expected to increase with medical trend.

Mortality rates..... Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table set forward one year for females and projected generationally with Scale MP-2017.

Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females and projected generationally with Scale MP-2017.

Disabled (Non-Teachers): RP-2014 Blue Collar Health Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.

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 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments was 18.54% for the Town and 5.56% for the Light Plant. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which 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, 2021 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	60.00%	6.28%
Core fixed income.....	40.00%	0.38%
Total.....	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.85% as of June 30, 2021, for the Town and 5.83% for the Municipal Light Plant. The discount rate is a blend of the long-term expected rate of return on OPEB Trust assets (6.50%) and a yield or index for 20-year, tax exempt general obligation municipal bonds with an average maturity rating of AA/Aa or higher, 2.16% as of June 30, 2021. The blending is based on the sufficiency of projected assets to make projected benefit payments. Since the assets are partially sufficient to cover projected benefit payments, the blended discount rate used to measure the total OPEB liability was 5.85% as of June 30, for the Town, and 5.83% as of December 31, 2020, for the Electric Light Plant.

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 5.85% for the Town and 5.83% for the Electric Light Plant, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.85%) and (4.83%) or 1-percentage-point higher (6.85%) and (6.83%) than the current rate.

	1% Decrease (4.85%)	Current Discount Rate (5.85%)	1% Increase (6.85%)
Town			
Net OPEB liability.....	\$ 124,665,066	\$ 109,046,487	\$ 96,221,615
	1% Decrease (4.83%)	Current Discount Rate (5.83%)	1% Increase (6.83%)
Electric Light Plant			
Net OPEB liability.....	\$ 4,941,548	\$ 4,333,167	\$ 3,832,066

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following table presents the net other postemployment benefit liability, using the healthcare trend rate, as well as what the net other postemployment benefit liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Town	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 92,666,833	\$ 109,046,487	\$ 129,756,492
Electric Light Plant	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 3,719,570	\$ 4,333,167	\$ 5,099,359

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Town			
Balances at June 30, 2020.....	\$ 109,195,705	\$ 4,808,797	\$ 104,386,908
Changes for the year:			
Service cost.....	4,230,703	-	4,230,703
Interest.....	6,481,594	-	6,481,594
Contributions - employer.....	-	5,011,768	(5,011,768)
Net investment income.....	-	901,865	(901,865)
Changes in assumptions and other inputs.....	(139,085)	-	(139,085)
Benefit payments.....	(4,950,666)	(4,950,666)	-
Net change.....	5,622,546	962,967	4,659,579
Balances at June 30, 2021.....	\$ 114,818,251	\$ 5,771,764	\$ 109,046,487

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Electric Light Department			
Balances at December 31, 2019.....	\$ 4,427,621	\$ 351,307	\$ 4,076,314
Changes for the year:			
Service cost.....	225,753	-	225,753
Interest.....	268,577	-	268,577
Contributions - employer.....	-	268,979	(268,979)
Net investment income.....	-	21,048	(21,048)
Changes in assumptions and other inputs.....	52,550	-	52,550
Benefit payments.....	<u>(252,121)</u>	<u>(252,121)</u>	<u>-</u>
Net change.....	<u>294,759</u>	<u>37,906</u>	<u>256,853</u>
Balances at December 31, 2020.....	<u>\$ 4,722,380</u>	<u>\$ 389,213</u>	<u>\$ 4,333,167</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$2,092,552. As of December 31, 2020, the Electric Light Plant recognized OPEB expense of \$411,091.

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Town	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (203,272)	\$ (203,272)
Difference between projected and actual earnings, net.....	-	(360,836)	(360,836)
Changes in assumptions.....	<u>404,960</u>	<u>(798,049)</u>	<u>(393,089)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 404,960</u>	<u>\$ (1,362,157)</u>	<u>\$ (957,197)</u>

At December 31, 2020, the Electric Light Plant reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Electric Light Plant	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (108,771)	\$ (108,771)
Difference between projected and actual earnings, net.....	10,957	-	10,957
Changes in assumptions.....	<u>48,788</u>	<u>(119,155)</u>	<u>(70,367)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 59,745</u>	<u>\$ (227,926)</u>	<u>\$ (168,181)</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:	
2022.....	\$ (276,198)
2023.....	(174,348)
2024.....	(336,872)
2025.....	(314,779)
2026.....	(23,181)
	\$ (1,125,378)

Changes of Assumptions – Town & Light

- The Town’s discount rate was increased from 5.84% as of June 30, 2020 to 5.85% as of June 30, 2021.
- The Light Plant’s discount rate was decreased from 5.93% to 5.83%.

Changes in Plan Provisions – Town & Light

- None.

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

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

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, 2020)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 7,109,898	\$ 42,179	\$ 7,152,077
Investments:			
Investments in Pension Reserve Investment Trust.....	48,743,405	-	48,743,405
Government sponsored enterprises.....	-	1,819,615	1,819,615
Equity securities.....	6,917,901	4,327,947	11,245,848
Equity mutual funds.....	24,663,779	-	24,663,779
Fixed income mutual funds.....	26,519,379	-	26,519,379
Real estate and alternative investments.....	23,968,708	-	23,968,708
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	67,459	-	67,459
	137,990,529	6,189,741	144,180,270
TOTAL ASSETS.....	137,990,529	6,189,741	144,180,270
NET POSITION			
Restricted for pensions.....	137,990,529	-	137,990,529
Restricted for other postemployment benefits.....	-	6,189,741	6,189,741
	137,990,529	6,189,741	144,180,270
TOTAL NET POSITION.....	\$ 137,990,529	\$ 6,189,741	\$ 144,180,270

<u>ADDITIONS:</u>			
Contributions:			
Employer contributions.....	\$ 10,784,043	\$ 77,960	\$ 10,862,003
Employer contributions for other postemployment benefit payments.....	-	4,950,666	4,950,666
Member contributions.....	2,907,914	-	2,907,914
Transfers from other systems.....	172,827	-	172,827
3(8)c contributions from other systems.....	296,862	-	296,862
Intergovernmental.....	81,476	-	81,476
	<u>14,243,122</u>	<u>5,028,626</u>	<u>19,271,748</u>
Total contributions.....			
Net investment income:			
Investment income.....	2,634,351	-	2,634,351
Net change in fair value of investments.....	10,891,532	967,175	11,858,707
Less: investment expense.....	(495,793)	-	(495,793)
	<u>13,030,090</u>	<u>967,175</u>	<u>13,997,265</u>
Net investment income (loss).....			
	<u>27,273,212</u>	<u>5,995,801</u>	<u>33,269,013</u>
TOTAL ADDITIONS.....			
<u>DEDUCTIONS:</u>			
Administration.....	414,424	-	414,424
Transfers to other systems.....	391,331	-	391,331
3(8)c transfer to other systems.....	304,916	-	304,916
Retirement benefits and refunds.....	12,255,293	-	12,255,293
Other postemployment benefit payments.....	-	4,950,666	4,950,666
	<u>13,365,964</u>	<u>4,950,666</u>	<u>18,316,630</u>
TOTAL DEDUCTIONS.....			
	13,907,248	1,045,135	14,952,383
NET INCREASE (DECREASE) IN NET POSITION.....			
	<u>124,083,281</u>	<u>5,144,606</u>	<u>129,227,887</u>
NET POSITION AT BEGINNING OF YEAR.....			
	\$ <u>137,990,529</u>	\$ <u>6,189,741</u>	\$ <u>144,180,270</u>
NET POSITION AT END OF YEAR.....			

NOTE 14 – COMMITMENTS

The Town has entered into or is planning to enter into contracts totaling approximately \$47.5 million related to the Belmont high school construction project, and water infrastructure upgrades.

NOTE 15 – CONTINGENCIES

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

Various legal actions 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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

NOTE 16 – REVISION OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of the governmental activities and the nonmajor governmental funds has been revised to reflect the implementation of GASB Statement #84. The revised balances are summarized in the table below.

	<u>06/30/20 Previously Reported Balances</u>	Implementation of GASB Statement #84 Fiduciary Funds	<u>06/30/20 Revised Balances</u>
Government-Wide Financial Statements			
Governmental activities.....	\$ 30,946,008	\$ 334,064	\$ 31,280,072
Governmental Funds			
Nonmajor governmental funds.....	\$ 32,542,352	\$ 334,064	\$ 32,876,416

NOTE 17 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state’s Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties.

A number of businesses have been forced to stop or significantly reduce operations decreasing the Town’s portion of certain revenue. The Town has also incurred unanticipated costs specifically related to the pandemic.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

In addition to the CARES Act, on March 11, 2021, the United States Federal Government established the American Rescue Plan Act (ARPA) to enhance the United States’ recovery from the economic and health effects of the COVID-19 pandemic. This Act requires that the payment from these funds be used to cover costs related to; public health; negative economic impacts; services to disproportionately impacted communities; premium pay; infrastructure; revenue replacement; or administration. These funds can only be used to cover costs incurred between March 3, 2021, and December 31, 2024. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

In 2021, the Town received \$2,009,431 of CARES Act funding and incurred \$2,389,943 of expenditures related to the Coronavirus Pandemic. The excess expenditures have been recorded as a receivable for financial statement purposes. The Town also received \$1,366,762 of American Rescue Plan Act (ARPA) funding in 2021. The Town has not incurred any expenditures related to this funding and the revenue has been recorded as an unearned revenue for financial statement purposes. This revenue will be used for COVID-19 and governmental services related expenditures in future years. Receipts and disbursements of the various COVID-19 grants are recorded as intergovernmental revenue and charged to the applicable function the expenditures benefit. Any receivable or unearned revenue recorded related to these grants can be seen on page 16 under the non-major funds and the captions of intergovernmental receivables and unearned revenues.

In addition to funding from the CARES Act and ARPA Act, there are several other federal and state grants available. The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 24, 2022, which is the date the financial statements were available to be issued.

NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2021, the following GASB pronouncements were implemented:

- GASB Statement #84, *Fiduciary Activities*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*. This pronouncement did not impact the basic financial statements.
- GASB Statement #98, *The Annual Comprehensive Financial Report*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.
- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.

- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which is required to be implemented in 2022.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			
	Amounts	Current Year		
	Carried Forward From Prior Year	Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 107,984,200	\$ 107,984,200	\$ 108,630,412
Tax liens.....	-	-	-	-
Motor vehicle and other excise taxes.....	-	3,566,188	3,566,188	1,170,568
Charges for services.....	-	1,930,578	1,930,578	1,324,654
Penalties and interest on taxes.....	-	330,000	330,000	100,000
Licenses and permits.....	-	1,023,063	1,023,063	613,500
Fines and forfeitures.....	-	239,780	239,780	119,074
Intergovernmental.....	-	8,995,915	8,995,915	12,211,516
Investment income.....	-	250,000	250,000	150,000
TOTAL REVENUES.....	-	124,319,724	124,319,724	124,319,724
EXPENDITURES:				
Current:				
General government.....	228,638	4,704,540	4,933,178	4,798,005
Public safety.....	349,338	13,227,848	13,577,186	13,331,657
Education.....	460,127	63,206,879	63,667,006	64,222,771
Public works.....	988,049	12,828,226	13,816,275	13,916,132
Human services.....	6,427	992,637	999,064	1,006,734
Culture and recreation.....	27,949	2,975,182	3,003,131	3,003,306
Pension benefits.....	-	8,728,097	8,728,097	8,728,097
Employee benefits.....	524,513	6,141,653	6,666,166	6,690,172
State and county charges.....	-	1,923,501	1,923,501	1,923,501
Debt service:				
Principal.....	-	6,790,500	6,790,500	6,790,500
Interest.....	-	8,769,711	8,769,711	8,769,711
TOTAL EXPENDITURES.....	2,585,041	130,288,774	132,873,815	133,180,586
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,585,041)	(5,969,050)	(8,554,091)	(8,860,862)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	3,333,000	3,333,000	3,098,000
Transfers out.....	-	(1,176,415)	(1,176,415)	(1,481,415)
TOTAL OTHER FINANCING SOURCES (USES).....	-	2,156,585	2,156,585	1,616,585
NET CHANGE IN FUND BALANCE.....	(2,585,041)	(3,812,465)	(6,397,506)	(7,244,277)
BUDGETARY FUND BALANCE, Beginning of year.....	-	20,629,622	20,629,622	20,629,622
BUDGETARY FUND BALANCE, End of year.....	\$ (2,585,041)	\$ 16,817,157	\$ 14,232,116	\$ 13,385,345

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	108,167,852	\$ -	\$ (462,560)
	228,255	-	228,255
	3,513,818	-	2,343,250
	2,363,531	-	1,038,877
	357,437	-	257,437
	1,240,234	-	626,734
	185,293	-	66,219
	12,218,592	-	7,076
	433,671	-	283,671
	<u>128,708,683</u>	<u>-</u>	<u>4,388,959</u>
	3,923,100	679,872	195,033
	12,228,087	50,185	1,053,385
	60,858,707	499,611	2,864,453
	12,020,457	50,120	1,845,555
	910,946	959	94,829
	2,525,071	50,408	427,827
	8,895,600	-	(167,503)
	5,337,690	385,660	966,822
	1,973,327	-	(49,826)
	6,860,000	-	(69,500)
	7,864,266	-	905,445
	<u>123,397,251</u>	<u>1,716,815</u>	<u>8,066,520</u>
	<u>5,311,432</u>	<u>(1,716,815)</u>	<u>12,455,479</u>
	3,142,221	-	44,221
	(1,481,415)	-	-
	<u>1,660,806</u>	<u>-</u>	<u>44,221</u>
	6,972,238	(1,716,815)	12,499,700
	20,629,622	-	-
\$	<u><u>27,601,860</u></u>	<u><u>(1,716,815)</u></u>	<u><u>12,499,700</u></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	December 31, 2018	December 31, 2019	December 31, 2020
Total pension liability:							
Service cost.....	\$ 3,290,948	\$ 3,422,586	\$ 3,677,753	\$ 3,793,768	\$ 4,035,938	\$ 4,163,252	\$ 4,915,533
Interest.....	11,576,179	11,975,171	12,311,049	12,689,446	13,409,913	13,847,855	14,267,460
Changes in benefit terms.....	-	-	-	770,006	-	-	-
Differences between expected and actual experience.....	-	(2,308,867)	-	2,782,900	-	662,852	-
Changes in assumptions.....	-	6,683,815	-	3,287,108	-	4,976,068	-
Benefit payments.....	(9,665,616)	(10,035,365)	(10,762,409)	(11,356,645)	(11,729,280)	(11,580,799)	(12,400,376)
Net change in total pension liability.....	5,201,511	9,737,340	5,226,393	11,966,583	5,716,571	12,069,228	6,782,617
Total pension liability - beginning.....	150,911,920	156,113,431	165,850,771	171,077,164	183,043,747	188,760,318	200,829,546
Total pension liability - ending (a).....	<u>\$ 156,113,431</u>	<u>\$ 165,850,771</u>	<u>\$ 171,077,164</u>	<u>\$ 183,043,747</u>	<u>\$ 188,760,318</u>	<u>\$ 200,829,546</u>	<u>\$ 207,612,163</u>
Plan fiduciary net position:							
Employer contributions.....	\$ 7,364,523	\$ 7,877,960	\$ 8,432,117	\$ 9,014,711	\$ 9,643,193	\$ 10,197,676	\$ 10,784,043
Member contributions.....	2,378,296	2,460,974	2,582,816	2,665,509	2,770,687	3,005,384	2,907,915
Net investment income (loss).....	5,521,768	934,243	7,021,503	13,204,734	(3,325,333)	16,768,138	12,965,031
Administrative expenses.....	(182,627)	(154,097)	(321,612)	(323,187)	(314,673)	(315,261)	(349,365)
Retirement benefits and refunds.....	(9,665,616)	(10,035,365)	(10,762,409)	(11,356,645)	(11,729,280)	(11,580,799)	(12,400,376)
Net increase (decrease) in fiduciary net position.....	5,416,344	1,083,715	6,952,415	13,205,122	(2,955,406)	18,075,138	13,907,248
Fiduciary net position - beginning of year.....	82,305,953	87,722,297	88,806,012	95,758,427	108,963,549	106,008,143	124,083,281
Fiduciary net position - end of year (b).....	<u>\$ 87,722,297</u>	<u>\$ 88,806,012</u>	<u>\$ 95,758,427</u>	<u>\$ 108,963,549</u>	<u>\$ 106,008,143</u>	<u>\$ 124,083,281</u>	<u>\$ 137,990,529</u>
Net pension liability - ending (a)-(b).....	<u>\$ 68,391,134</u>	<u>\$ 77,044,759</u>	<u>\$ 75,318,737</u>	<u>\$ 74,080,198</u>	<u>\$ 82,752,175</u>	<u>\$ 76,746,265</u>	<u>\$ 69,621,634</u>
Plan fiduciary net position as a percentage of the total pension liability.....	56.19%	53.55%	55.97%	59.53%	56.16%	61.79%	66.47%
Covered payroll.....	\$ 25,142,886	\$ 25,031,508	\$ 26,016,467	\$ 26,395,332	\$ 27,455,996	\$ 29,659,286	\$ 30,859,703
Net pension liability as a percentage of covered payroll.....	272.01%	307.79%	289.50%	280.66%	301.40%	258.76%	225.61%

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

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

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, 2020.....	11.30%
December 31, 2019.....	16.85%
December 31, 2018.....	-2.69%
December 31, 2017.....	14.50%
December 31, 2016.....	8.89%
December 31, 2015.....	1.32%
December 31, 2014.....	6.69%

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 trend information on the Light Plant's net pension liability and related ratios.

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

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- payroll	Net pension liability as a percentage of covered- payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2021.....	88.55%	\$ 61,652,145	\$ 27,126,753	227.27%	66.47%
June 30, 2020.....	88.55%	67,961,737	26,078,850	260.60%	61.79%
June 30, 2019.....	89.08%	73,711,413	24,303,047	303.30%	56.16%
June 30, 2018.....	88.85%	65,819,280	23,359,304	281.77%	59.53%
June 30, 2017.....	89.70%	67,554,485	23,154,141	291.76%	55.97%
June 30, 2016.....	89.68%	69,090,194	23,496,527	294.04%	53.55%
June 30, 2015.....	89.19%	61,000,401	22,592,814	270.00%	56.19%

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**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Net pension liability as a percentage of covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2019.....	10.26%	\$ 7,870,726	\$ 3,181,228	247.41%	61.79%
December 31, 2018.....	9.44%	7,814,033	2,834,630	275.66%	56.16%
December 31, 2017.....	9.42%	6,975,686	2,730,334	255.49%	59.53%
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>
June 30, 2021.....	\$ 9,549,609	\$ (9,549,609)	\$ -	\$ 27,126,753	35.20%
June 30, 2020.....	9,030,430	(9,030,430)	-	26,078,850	34.63%
June 30, 2019.....	8,589,664	(8,589,664)	-	24,303,047	35.34%
June 30, 2018.....	8,009,452	(8,009,452)	-	23,359,304	34.29%
June 30, 2017.....	7,558,470	(7,563,398)	(4,928)	23,154,141	32.67%
June 30, 2016.....	7,740,657	(7,740,657)	-	23,496,527	32.94%
June 30, 2015.....	7,222,270	(7,222,270)	-	22,592,814	31.97%

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.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2021.....	\$ 126,150,097	\$ 15,581,344	50.67%
2020.....	110,844,863	13,441,864	53.95%
2019.....	102,925,762	10,430,036	54.84%
2018.....	95,442,966	9,961,660	54.25%
2017.....	91,342,059	9,317,489	52.73%
2016.....	82,041,160	6,654,268	55.38%
2015.....	64,046,291	4,449,603	61.64%

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.

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability					
Service Cost.....	\$ 3,783,584	\$ 3,396,620	\$ 3,450,335	\$ 3,631,066	\$ 4,230,703
Interest.....	8,496,483	5,725,306	6,033,987	6,309,506	6,481,594
Changes of benefit terms.....	-	-	-	(925,315)	-
Differences between expected and actual experience....	-	-	-	(304,905)	-
Changes of assumptions.....	(40,435,528)	(724,799)	1,012,397	(805,773)	(139,085)
Plan amendments.....	(18,722,360)	-	-	-	-
Benefit payments.....	(3,856,996)	(4,101,700)	(4,400,269)	(4,764,669)	(4,950,666)
Net change in total OPEB liability.....	(50,734,817)	4,295,427	6,096,450	3,139,910	5,622,546
Total OPEB liability - beginning.....	146,398,735	95,663,918	99,959,345	106,055,795	109,195,705
Total OPEB liability - ending (a).....	<u>\$ 95,663,918</u>	<u>\$ 99,959,345</u>	<u>\$ 106,055,795</u>	<u>\$ 109,195,705</u>	<u>\$ 114,818,251</u>
Plan fiduciary net position					
Employer contributions.....	\$ 4,186,243	\$ 4,470,248	\$ 4,951,361	\$ 5,333,376	\$ 5,011,768
Net investment income.....	172,888	5,442	380,423	70,680	901,865
Benefit payments.....	(3,856,996)	(4,101,700)	(4,400,269)	(4,764,669)	(4,950,666)
Net change in plan fiduciary net position.....	502,135	373,990	931,515	639,387	962,967
Plan fiduciary net position - beginning of year.....	2,361,770	2,863,905	3,237,895	4,169,410	4,808,797
Plan fiduciary net position - end of year (b).....	<u>\$ 2,863,905</u>	<u>\$ 3,237,895</u>	<u>\$ 4,169,410</u>	<u>\$ 4,808,797</u>	<u>\$ 5,771,764</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 92,800,013</u>	<u>\$ 96,721,450</u>	<u>\$ 101,886,385</u>	<u>\$ 104,386,908</u>	<u>\$ 109,046,487</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	2.99%	3.24%	3.93%	4.40%	5.03%
Covered-employee payroll.....	\$ 59,585,846	\$ 62,323,993	\$ 65,123,251	\$ 69,447,567	\$ 70,836,518
Net OPEB liability as a percentage of covered-employee payroll.....	155.74%	155.19%	156.45%	150.31%	153.94%

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	December 31, 2018	December 31, 2019	December 31, 2020
Total OPEB Liability				
Service Cost.....	\$ 171,763	\$ 176,967	\$ 179,506	\$ 225,753
Interest.....	239,224	258,321	275,449	268,577
Changes of benefit terms.....	-	-	(12,924)	-
Differences between expected and actual experience....	-	-	(152,821)	-
Changes of assumptions.....	33,732	(70,456)	(151,620)	52,550
Benefit payments.....	(135,832)	(140,506)	(227,280)	(252,121)
Net change in total OPEB liability.....	308,887	224,326	(89,690)	294,759
Total OPEB liability - beginning.....	3,984,098	4,292,985	4,517,311	4,427,621
Total OPEB liability - ending (a).....	\$ <u>4,292,985</u>	\$ <u>4,517,311</u>	\$ <u>4,427,621</u>	\$ <u>4,722,380</u>
Plan fiduciary net position				
Employer contributions.....	\$ 151,990	\$ 161,151	\$ 251,593	\$ 268,979
Net investment income.....	24,792	(4,697)	44,023	21,048
Benefit payments.....	(135,832)	(140,506)	(227,280)	(252,121)
Net change in plan fiduciary net position.....	40,950	15,948	68,336	37,906
Plan fiduciary net position - beginning of year.....	226,073	267,023	282,971	351,307
Plan fiduciary net position - end of year (b).....	\$ <u>267,023</u>	\$ <u>282,971</u>	\$ <u>351,307</u>	\$ <u>389,213</u>
Net OPEB liability - ending (a)-(b).....	\$ <u>4,025,962</u>	\$ <u>4,234,340</u>	\$ <u>4,076,314</u>	\$ <u>4,333,167</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	6.22%	6.26%	7.93%	8.24%
Covered-employee payroll.....	\$ 3,147,743	\$ 3,320,698	\$ 3,581,997	\$ 3,392,464
Net OPEB liability as a percentage of covered-employee payroll.....	127.90%	127.51%	113.80%	127.73%

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, 2021.....	\$ 9,247,744	\$ (5,011,768)	\$ 4,235,976	\$ 70,836,518	7.08%
June 30, 2020.....	8,756,304	(5,333,376)	3,422,928	69,447,567	7.68%
June 30, 2019.....	8,469,671	(4,951,361)	3,518,310	65,123,251	7.60%
June 30, 2018.....	8,029,300	(4,470,248)	3,559,052	62,323,993	7.17%
June 30, 2017.....	18,361,449	(4,186,243)	14,175,206	59,585,746	7.03%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
December 31, 2020.....	\$ 416,940	\$ (268,979)	\$ 147,961	\$ 3,392,464	7.93%
December 31, 2019.....	404,501	(251,593)	152,908	3,581,997	7.02%
December 31, 2018.....	194,521	(161,151)	33,370	3,320,698	4.85%
December 31, 2017.....	759,438	(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

Year	Annual money-weighted rate of return, net of investment expense
Town:	
June 30, 2021.....	18.54%
June 30, 2020.....	1.51%
June 30, 2019.....	10.16%
June 30, 2018.....	0.17%
June 30, 2017.....	6.50%
Light:	
December 31, 2020.....	5.56%
December 31, 2019.....	15.24%
December 31, 2018.....	-1.75%
December 31, 2017.....	4.67%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Increases or transfers between voted functions subsequent to the approval of the annual budget, 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 2021 approved budget authorized approximately \$134.1 million in appropriations and amounts carried forward from the prior year. Town meeting authorized an additional \$612,000 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, 2021, is presented below:

Net change in fund balance - budgetary basis.....	\$	6,972,238
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		(10,146)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		1,303,996
Net change in recording 60 day receipts.....		205,820
Recognition of revenue for on-behalf payments.....		15,581,344
Recognition of expenditures for on-behalf payments.....		<u>(15,581,344)</u>
Net change in fund balance - GAAP basis.....	\$	<u>8,471,908</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 and Electric LightA. 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

- None.

E. Changes in Plan Provisions

- None.

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.

Significant Actuarial Methods and Assumptions

Valuation date.....	June 30, 2019
Actuarial cost method.....	Entry Age Normal, Level percentage of payroll
Investment rate of return.....	6.50%
Discount rate.....	Town- 5.85% as of June 30, 2021 and 5.84% as of June 30, 2020 Electric Light - 5.83% as of December 31, 2020 and 5.93% as of December 31, 2019
Inflation rate.....	3.00%
Projected salary increases.....	Groups 1/2 (excluding teachers): 6.00% decreasing over 9 years to an ultimate of 3.75% per year. Group 4: 7.00% 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.....	Medical (Non-Medicare): 0.23% then 7.25% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Medical (Medicare): 6.50% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Prescription Drug (Non-Medicare): 1.16%, then 8.25% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Prescription Drug (Medicare): 7.00% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Medicare Advantage: 4.50%. Contributions: Retiree contributions are expected to increase with medical trend.

Mortality rates..... Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table set forward one year for females and projected generationally with Scale MP-2017.

Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females and projected generationally with Scale MP-2017.

Disabled (Non-Teachers): RP-2014 Blue Collar Health Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.

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 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016

Schedule of Investment Returns

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

Changes of Assumptions – Town & Light

- The Town’s discount rate was increased from 5.84% as of June 30, 2020 to 5.85% as of June 30, 2021.
- The Light Plant’s discount rate was decreased from 5.93% to 5.83%.

Changes in Plan Provisions – Town & Light

- None