

**PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED APRIL 13, 2016**

Rating: See "Rating" herein.  
Moody's Investors Service:

**New Issue**

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "THE BONDS- Tax Exemption" herein.

**TOWN OF BELMONT, MASSACHUSETTS  
\$1,886,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS**

**DATED**  
Date of Delivery

**DUE**  
May 1  
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in the denomination of \$5,000, or any integral multiple thereof, with the exception of one \$1,000 denomination maturing in 2017. (See "Book-Entry-Transfer System" herein.)

Principal of the Bonds will be payable May 1 of the years in which the Bonds mature. Interest on the Bonds will be payable May 1 and November 1, commencing November 1, 2016. Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are not subject to redemption prior to their stated maturity dates.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the Town of Belmont, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICE/YIELD AND CUSIPs**

<u>Due May 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Cusip 080401</u>	<u>Due May 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Cusip 080401</u>
2017	\$ 276,000	%	%		2022	\$ 110,000	%	%	
2018	270,000				2023	110,000			
2019	270,000				2024	110,000			
2020	270,000				2025	100,000			
2021	270,000				2026	100,000			

**THE BONDS ARE BEING OFFERED FOR SALE AT 11:00 A.M. (EASTERN TIME) ON TUESDAY, APRIL 26, 2016, AT FIRSTSOUTHWEST, A DIVISION OF HILLTOP SECURITIES INC., 54 CANAL STREET, 3RD FLOOR, BOSTON, MASSACHUSETTS IN THE CASE OF SEALED PROPOSALS AND IN THE CASE OF ELECTRONIC PROPOSALS, VIA PARITY, IN THE MANNER SET FORTH IN THE NOTICE OF SALE. REFERENCE IS MADE TO THE NOTICE OF SALE DATED APRIL 13, 2016 FOR THE CONDITIONS OF SUCH SALE.**

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts (see "Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc.", herein) has acted as Financial Advisor to the Town of Belmont, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about May 6, 2016, against payment to the Town in federal funds.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	3	TOWN FINANCES:	
NOTICE OF SALE	4	The Budget and Appropriation Process	26
Bidding Parameters	4	Operating Budget Trends	26
OFFICIAL STATEMENT	7	Education Reform	27
INTRODUCTION	7	Revenues	27
THE BONDS	7	Property Taxes	27
Description of the Bonds	7	State Distributions	27
Record Date	7	State School Building Assistance Program	27
Book-Entry Transfer System	7	Local Options Meals Tax	28
Authorization of the Bonds and Use of Proceeds	9	Motor Vehicle Excise	28
Principal Maturities by Purpose	9	Water and Sewer Rates and Services	28
Tax Exemption	9	Annual Audits	29
Security and Remedies	10	Financial Statements	29
Opinion of Bond Counsel	12	Combined Balance Sheets - Fiscal Year Ending:	
Rating	12	June 30, 2015	30
Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc.	12	June 30, 2014	31
Continuing Disclosure	13	June 30, 2013	32
THE TOWN OF BELMONT, MASSACHUSETTS:		June 30, 2012	33
General	14	Statement of Revenues, Expenditures and Changes in Fund Balances:	
Local Government	14	June 30, 2015 – 2011	34
Principal Executive Officers	14	Unassigned General Fund Balances and Free Cash	39
Municipal Services	14	Capital Endowment Fund	39
Education	15	Tax Increment Financing for Development Districts	39
Population	15	Investment of Town Funds	40
Age, Income, and Wealth Levels	15	INDEBTEDNESS:	
Labor Force, Employment and Unemployment Rate	16	Authorization Procedure and Limitations	41
Employment by Industry	16	Debt Limits	41
Major Employers	17	Types of Obligations	41
Building Permits	17	Direct Debt Summary	42
PROPERTY TAXATION:		Key Debt Ratios	43
Tax Levy Computation	18	Annual Debt Service	43
Valuations and Tax Levies	19	Authorized Unissued Debt and Prospective Financing	44
Assessed Valuations	19	Overlapping Debt	44
Classification of Property	19	Contractual Obligations	45
Largest Taxpayers	20	Retirement Systems	45
Abatements and Overlay	20	Town of Belmont Retirement System	46
Tax Collections	21	Other Post-Employment Benefits	47
Tax Titles and Possessions	21	Collective Bargaining	48
Taxes Outstanding	21	Litigation	48
Sale of Tax Receivables	22	APPENDIX A - Fiscal 2015 Audit	
Taxation to Meet Deficits	22	APPENDIX B - Proposed Form of Legal Opinion of Bond Counsel	
Tax Limitations	22	APPENDIX C – Proposed Form of Continuing Disclosure Certificate	
Unused Levy Capacity	23		
Impact of Proposition 2 ½	23		
Pledged Taxes	24		
Initiative Petitions	24		
Community Preservation Act	24		

The information and expressions of opinion in this Preliminary Official Statement are subject to change without notice. Neither the delivery of this Preliminary Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Preliminary Official Statement.

## SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale: Tuesday, April 26, 2016, 11:00 A.M. (Eastern Time).

Location of Sale: FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.

Issuer: Town of Belmont, Massachusetts.

Issue: \$1,886,000 General Obligation Municipal Purpose Loan of 2016 Bonds (see "THE BONDS Book-Entry Transfer System" herein).

Preliminary Official Statement Dated: April 13, 2016.

Dated Date of the Bonds: As of their date of delivery.

Principal Due: Serially, May 1, 2017 through May 1, 2026, inclusive, as detailed herein.

Purpose and Authority: Bond proceeds will be used to finance various municipal projects, as detailed herein. See "Authorization of the Bonds and Use of Proceeds."

Redemption: The Bonds are not subject to redemption prior to their stated maturity.

Security: The Bonds are valid general obligations of the Town of Belmont, and, to the extent not paid from other sources, the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59 Section 21C of the General.

Credit Rating: The Town has applied to Moody's Investors Service for a rating on the Bonds.

Bond Insurance: The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.

Basis of Award: Lowest True Interest Cost (TIC), as of the dated date. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$40,000.**

Tax Exemption: Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion."

Continuing Disclosure: Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate."

Bank Qualification: The Bonds are designated "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Paying Agent: U.S. Bank National Association, Boston, Massachusetts.

Legal Opinion: Locke Lord LLP, Boston, Massachusetts.

Financial Advisor: FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts (see "Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc." herein).

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about May 6, 2016, against payment in Federal Funds.

Issuer Official: Questions concerning the Official Statement should be addressed to: Mr. Floyd Carman, Treasurer, Town of Belmont, Massachusetts Telephone (978) 318-3090 or Mr. Peter Frazier, Managing Director, FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4409.

\*Preliminary, subject to change.

**NOTICE OF SALE**

**TOWN OF BELMONT, MASSACHUSETTS**

**\$1,886,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS**

The Town of Belmont, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Tuesday, April 26, 2016, for the purchase of the following described General Obligation Municipal Purpose Loan of 2016 Bonds of the Town (the "Bonds"):

\$1,886,000 General Obligation Municipal Purpose Loan of 2016 Bonds payable May 1 of the years and in the amounts as follows:

<u>May 1</u>	<u>Principal Amount</u>
2017	\$276,000
2018	270,000
2019	270,000
2020	270,000
2021	270,000
2022	110,000
2023	110,000
2024	110,000
2025	100,000
2026	100,000

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on May 1 of the years in which the Bonds mature. Interest will be payable on May 1 and November 1, commencing November 1, 2016.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with the exception of one \$1,000 denomination maturing in 2017, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bonds to be immobilized at DTC will be prepared under the supervision of FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge to such purchaser.

The Bonds will not be subject to redemption prior to maturity.

**Bidding Parameters**

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of the delivery date, discounts semiannually all future payments on account of principal and interest to the price bid. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the Town Treasurer by lot among all such proposals.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent, and (c) **no coupon in excess of 4.0%. No bid of less than par plus a premium of at least \$40,000 will be accepted.** It is noted that the Town will restructure the maturity schedule to reflect the actual premium received as noted below.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Floyd Carman, Treasurer, Town of Belmont, Massachusetts c/o FirstSouthwest, a Division of Hilltop Securities Inc. (see "Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc.", herein), 54 Canal Street, Boston, Massachusetts 02114. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to FirstSouthwest, a Division of Hilltop Securities Inc., telephone (617) 619-4400, at least one-half hour prior to the 11:00 A.M. sale and after receipt of the faxed bid form by FirstSouthwest, a Division of Hilltop Securities Inc.. FirstSouthwest, a Division of Hilltop Securities Inc. will act as agent for the bidder, but neither the Town nor FirstSouthwest, a Division of Hilltop Securities Inc. shall be responsible for any errors in connection with bids submitted in this manner.
- (b) Electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Select Board of the Town.

The right is reserved to reject all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The Town of Belmont has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to Standard & Poor's Rating Group for a rating on the Bonds. Any such fee paid to Standard & Poor's Rating Group would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated April 13, 2016, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Treasurer to the effect that, to the best of his knowledge and belief of the signer thereof, as of the date of sale the Preliminary Official Statement did not, and as of the date of the delivery of the Bonds, the Final Official Statement does not, contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of April 26, 2016 (the "Sale Date"), the purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement dated April 13, 2016.

The Bonds are designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (the “Code”).

Additional information concerning the Town and the Bonds is contained in the Preliminary Official Statement dated April 13, 2016, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 20 copies of the Final Official Statement will be available from the FirstSouthwest, a Division of Hilltop Securities Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town, provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about May 6, 2016 for settlement in federal funds.

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TOWN OF BELMONT, MASSACHUSETTS  
/s/ Floyd Carman, Treasurer

April 13, 2016

## OFFICIAL STATEMENT

### TOWN OF BELMONT, MASSACHUSETTS

#### \$1,886,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Belmont, Massachusetts (the "Town") in connection with the sale of \$1,886,000 stated principal amount of its General Obligation Municipal Purpose Loan of 2016 Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

#### THE BONDS

##### Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest payable semiannually on May 1 and November 1 commencing November 1, 2016. The Bonds shall mature on May 1 of the years and in the principal amounts as set forth on the first page of this Official Statement.

The Bonds are issuable only in fully registered form, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, with the exception of one \$1,000 denomination maturing in 2017. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

##### Redemption Provisions

The Bonds are not subject to redemption prior to their stated maturity dates.

##### Record Date

The record date for each payment of interest is the fifteenth day of the month preceding the interest payment date; provided that, if such day is not a business day, the record date shall be the next succeeding business day, and provided further that with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

##### Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing

agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited by DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited by DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Town or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.



## Authorization of the Bonds and Use of Proceeds

The following table sets forth the amounts, purposes, total amounts authorized, statutory authority, dates authorized for the current offering of Bonds.

Date of Authorization	Amount Originally Authorized	Purpose	Law Cite (M.G.L., as amended)	This Issue
6/3/2015	\$ 1,086,350	Public Safety Radio Equipment	Ch. 44, 7(14)	\$ 1,086,000
6/3/2015	1,055,000	School Fire Alarm Equipment	Ch. 44, 7(9)	800,000
				<u>\$ 1,886,000</u>

## Principal Maturities by Purpose

Year	Public Safety Radio Equipment	School Fire Alarm	Total
2017	\$ 116,000	\$ 160,000	\$ 276,000
2018	110,000	160,000	270,000
2019	110,000	160,000	270,000
2020	110,000	160,000	270,000
2021	110,000	160,000	270,000
2022	110,000		110,000
2023	110,000		110,000
2024	110,000		110,000
2025	100,000		100,000
2026	100,000		100,000
Total	<u>\$ 1,086,000</u>	<u>\$ 800,000</u>	<u>\$ 1,886,000</u>

## Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the Town (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences or as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

## **Security and Remedies**

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described above (see "Serial Bonds and Notes" under "INDEBTEDNESS-TYPES OF OBLIGATIONS" below) and setoffs of state distributions as described below (see "State Distributions" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See “*Tax Limitations*” Under “PROPERTY TAXATION” below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “INDEBTEDNESS-Authorization Procedures and Limitations” below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

*Court Proceedings.* Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See “*Tax Limitations*” under “PROPERTY TAXATION” below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

*Restricted Funds.* Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

*State Distributions.* State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “INDEBTEDNESS-TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”) if the city or town is within the territory served by the MWRA, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by The Commonwealth of Massachusetts (the “Commonwealth”) to

the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not currently authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

### **Opinion of Bond Counsel**

The purchaser will be furnished the legal opinion of the firm of Locke Lord LLP, Bond Counsel to the Town. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

### **Rating**

The Town has applied to Moody's Investors Service for a rating on the Bonds. Such rating will be printed on the cover of the Final Official Statement and will reflect only the rating agency's views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

### **Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc.**

FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the Town of Belmont, Massachusetts.

FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest") merged with its common control affiliate, Hilltop Securities Inc. ("HilltopSecurities"). The merger was completed at the close of business on January 22, 2016, at which time HilltopSecurities, as the surviving entity, automatically assumed all rights and obligations of FirstSouthwest. The firm's municipal advisory business will continue to operate as FirstSouthwest, a Division of Hilltop Securities Inc.

### **Continuing Disclosure**

In order to assist Underwriters in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain significant events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

**In the last five years, the Town believes it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.**

## TOWN OF BELMONT, MASSACHUSETTS

### General

The Town of Belmont was first settled in 1636 and incorporated in 1859, is located in Middlesex County, approximately eight miles west of Boston, and is bordered by the cities of Cambridge and Waltham, and the towns of Lexington and Arlington. It is approximately 4.7 square miles in area and, according to 2010 federal census, has a population of 24,729.

### Local Government

The Town operates under a Representative Town Meeting form of government. The legislative body consists of a 288-member elected Representative Town Meeting and a three-member Board of Selectmen elected for staggered three-year terms. The Board of Selectmen is generally responsible for the affairs of the Town and appoints a Town Administrator for a three-year term. The Town Administrator serves as the Chief Administrative Officer and is responsible for the day-to-day operations of the Town.

### Principal Executive Officers

<u>Officer</u>	<u>Name</u>	<u>Term and Manner of Selection</u>	<u>Term Expires</u>
Selectman (Chairman)	Sami Brghdady	Elected - 3-Year Term	2017
Selectman (Vice Chairman)	Mark A. Paolillo	Elected - 3-Year Term	2019
Selectman	Jim Williams	Elected - 3-Year Term	2018
Town Administrator	David J. Kale	Appointed by Selectmen	2018
Town Clerk	Ellen O'Brien Cushman	Elected - 3-Year Term	2019
Treasurer/Collector	Floyd S. Carman	Elected - 3-Year Term	2017
Town Accountant	Chitra Subramanian	Appointed by Selectmen 3-Year Term	2017
Assessor (Chairman)	Robert P. Reardon	Elected - 3-Year Term	2017
Assessor (Vice Chairman)	Martin Millane	Elected - 3-Year Term	2018
Assessor	Charles P. Lavery, III	Elected - 3-Year Term	2019
Assessing Administrator	Daniel Dargon	Appointed by Assessors	2016
Moderator	Michael Widmer	Elected - 1-Year Term	2017
Town Counsel	George Hall	Appointed by Selectmen 1-Year Term	2017

SOURCE: Town Treasurer

### Municipal Services

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, ambulance service, solid waste disposal (curbside pickup and recycling for residents), water, sewer, parks and recreation, an active elderly affairs program, a library and two branches, and public education for grades kindergarten through 12. The Town is also a member of the Minuteman Regional Vocational-Technical School District, organized in 1971 to provide technical and vocational high school education.

The Town, which is a member community of the Massachusetts Water Resources Authority ("MWRA") provides water and sewer services to 100% of the Town. Water and sewer operations are accounted for in the Town's special revenue funds and are fully self-supported by user rates.

Electricity has been furnished through the Belmont Municipal Light Department (The "Light Department") since 1898. The Light Department is operated as an enterprise and is self-supporting in all respects. The Light Department has outstanding long term debt of \$26,100,000 to be retired in annual principal amounts with a final maturity of April 15, 2032 and no ownership in any power plants. The Light Department transfers to the Town in excess of \$650,000 annually as a payment in lieu-of-taxes.

The Belmont Housing Authority (The "Housing Authority") is a corporate body politic, with four elected members and one member appointed by the Commonwealth's Executive Office of Communities and Development. The Housing Authority sets policies and establishes goals to ensure well-maintained housing for both the elderly and low-income families in the Town.

## Education

The Town's school system currently maintains and operates four elementary schools, one middle school and one high school providing education from pre-school through grade 12. The Town is a member of the Minuteman Regional Vocational-Technical School District, which provides vocational-technical training for students in grades nine through 12. Funding for the school system is augmented by assistance from the state and federal governments and financial support from the Belmont Education Foundation through private fund-raising.

## Population

	<u>Belmont</u>		<u>Middlesex County</u>		<u>Massachusetts</u>	
	<u>Total</u>	<u>% Increase (Decrease)</u>	<u>Total</u>	<u>% Increase (Decrease)</u>	<u>Total</u>	<u>% Increase (Decrease)</u>
2010	24,729	(2.2)%	1,489,180	1.1%	6,690,740	2.9%
2000	24,194	(2.1)	1,465,396	4.8	6,349,097	5.5
1990	24,720	(5.3)	1,398,468	2.3	6,016,425	4.9
1980	26,100	(7.7)	1,367,034	(2.2)	5,737,037	0.8
1970	28,285		1,398,397		5,689,170	

Source: U.S. Department of Commerce, Bureau of the Census.

## Age, Income, and Wealth Levels

The following table compares the median age, median family income, and per capita income of the Town, the Commonwealth, and the United States.

	<u>Belmont</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2010	41.5	39.1	37.2
2000	40.4	36.5	35.3
1990	38.0	33.6	32.9
Median Family Income:			
2010	\$ 114,472	\$ 81,165	\$ 51,144
2000	95,057	61,664	50,046
1990	61,046	44,367	35,225
Per Capita Income:			
2010	\$ 51,866	\$ 33,966	\$ 27,334
2000	42,485	25,952	21,587
1990	26,793	17,224	14,420

Source: Federal Census Bureau

## Labor Force, Employment and Unemployment Rate

According to the Massachusetts Department of Employment and Training, in September 2015, the Town had a total labor force of 13,145 of whom 12,711 were employed and 434 or 3.3% were unemployed as compared with unemployment rates of 4.6% for the Commonwealth and 5.8% for the United States, respectively.

The following table sets forth the Town's average labor force and unemployment rates for calendar years 2010 through 2014 as compared with the unemployment rates for the Commonwealth and for the county as a whole for the same period.

Calendar Year	Town of Belmont			Unemployment Rate	
	Labor Force	Number Employed	Unemployment Rate	Massachusetts	United States
2014	13,771	13,263	3.7%	5.8%	6.2%
2013	13,532	12,917	4.5	7.1	7.4
2012	13,576	12,977	4.4	6.7	8.1
2011	13,341	12,714	4.7	6.6	8.3
2010	12,772	12,017	5.9	8.5	9.6

Source: Massachusetts Department of Employment and Training. Data based on place of residence, not place of employment.

## Employment by Industry

Industry	Calendar Year Average				
	2014	2013	2012	2011	2010
Construction	334	295	296	303	283
Manufacturing	131	130	128	129	127
Trade, Transportation & Utilities	779	783	848	829	872
Information	180	182	175	187	179
Financial Activities	298	227	282	276	257
Professional and Business Services	692	673	678	678	592
Education and Health Services	3,566	3,381	3,213	3,057	2,979
Leisure and Hospitality	700	653	641	607	598
Other Services	431	397	435	441	390
Total Employment	7,111	6,721	6,696	6,507	6,277
Number of Establishments	734	697	691	703	676
Average Weekly Wages	\$ 956	\$ 944	\$ 922	\$ 920	\$ 905
Total Wages	\$364,367,085	\$342,612,690	\$330,882,440	\$321,302,077	\$305,350,563

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence. Due to reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.



**Major Employers (1)**

<u>Name</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
McLean Hospital	Psychiatric Hospital	1,836
Town of Belmont	Municipality	970 (2)
Shaw's Market	Grocery Store	215
Belmont Hill School	Private Secondary School	130
Belmont Savings Bank	Financial Institution	130
Belmont Day School	Private Primary & Middle School	68
James W. Flett Company	Excavation Contractor	80
CVS	Retail	64
Purecoat North	Plating and Metal Finishing	50
Cityside Subaru	Automobile Dealership	47
Dunkin Donuts	Retail Coffee Shop	27
Belmont Hill Club	Private Tennis/Swim Club	28
Belmont Country Club	Private Golf Club	28
Fresh Pond Animal Hospital	Animal Medical Care	17

Source: Town Clerk.

(1) As of January 1, 2016.

(2) Excludes substitute teachers, poll-workers and seasonal workers.

**Building Permits**

<u>Calendar Year</u>	<u>No.</u>	<u>Total Value</u>
2015	1,108	\$100,196,599 (1)
2014	1,034	43,003,497
2013	1,041	44,228,545
2012	917	48,724,763
2011	321	42,089,706

Source: Town of Belmont Building Inspector.

(1) One time building projections in FY 2015

- i. Liplands Residential- \$30,519,000
- ii. McLean Hospital- \$18,362,556

## PROPERTY TAXATION

The principal revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay," below), no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits," below).

### Tax Levy Computation

The following table illustrates the manner in which the tax levy was determined for the following fiscal years:

	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
<b>Gross Amount to be Raised:</b>					
Appropriations	\$ 115,966,870	\$ 112,651,906	\$ 105,354,074	\$ 102,096,859	\$ 97,539,296
Other Local Expenditures	81,848	48,937	42,196	44,531	45,269
State and County Charges	1,737,816	1,725,608	1,656,482	1,643,595	1,496,775
Allowance for Abatements	805,773	813,236	812,231	852,740	881,362
<b>Total Gross Amount to be Raised</b>	<b>\$ 118,592,307</b>	<b>\$ 115,239,687</b>	<b>\$ 107,864,983</b>	<b>\$ 104,637,725</b>	<b>\$ 99,962,703</b>
<b>Offsets:</b>					
Estimated Receipts from State	\$ 8,951,206	\$ 8,952,363	\$ 8,322,752	\$ 8,137,159	\$ 7,838,721
Estimated Receipts – Local	22,587,055	24,581,559	21,152,659	20,044,533	17,983,238
Appropriated Free Cash	2,084,832	3,444,882	2,418,103	2,561,335	2,361,945
Other Available Funds	1,443,712	114,146	1,327,764	1,187,176	1,261,434
Free cash and other revenue used to reduce the tax rate:	650,000	650,000	650,000	650,000	650,000
<b>Total Offsets</b>	<b>\$ 35,716,805</b>	<b>\$ 37,742,950</b>	<b>\$ 33,871,278</b>	<b>\$ 32,580,203</b>	<b>\$ 30,095,338</b>
<b>Gross Tax Levy</b>	<b>\$ 82,875,502</b>	<b>\$ 77,496,737</b>	<b>\$ 73,993,705</b>	<b>\$ 72,057,522</b>	<b>\$ 69,867,365</b>
Assessed Valuation	\$ 6,598,368,011	\$ 5,927,739,291	\$ 5,481,015,161	\$ 5,405,665,551	\$ 5,233,510,490
Tax Rate per \$1,000 (all classes)	\$ 12.56	\$ 12.90	\$ 13.50	\$ 13.33	\$ 13.35

Source: Town Accountant.

## Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner of Revenue.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value". See "DEBT LIMITS" below.

### Assessed Valuations

Valuation of real and personal property in the Town is established by the Board of Assessors. The following table sets forth the trend in the Town's assessed valuations and equalized valuations for the following fiscal years:

Fiscal Year	Assessed Valuations(1)			Equalized Valuation(2)	Assessed Valuation As a Percent of Equalized Valuation
	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation		
2016	\$ 6,553,333,301	\$ 45,034,710	\$ 6,598,368,011	\$5,760,631,800	114.5 %
2015	5,885,459,401	42,279,890	5,927,739,291	5,760,631,800	102.9
2014	5,435,604,401	45,410,760	5,481,015,161	5,612,452,700	97.7
2013	5,361,777,401	43,888,150	5,405,665,551	5,612,452,700	96.3
2012	5,189,387,300	44,123,190	5,233,510,490	5,579,451,400	93.8

(1) Source: Board of Assessors.

(2) Source: Massachusetts Department of Revenue - Equalized valuations are established as of January 1 of even-numbered years for the next two years.

### Classification of Property

As illustrated below, Belmont's tax base reflects its character as a primarily residential community with a mix of commercial and industrial uses:

Property Type	2014		2015		2016	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 5,172,953,450	94.4 %	\$ 5,593,604,600	94.4 %	\$ 6,251,032,750	94.7 %
Commercial	249,396,951	4.6	276,302,801	4.7	286,412,551	4.3
Personal	45,410,760	0.8	42,279,890	0.7	45,034,710	0.7
Industrial	13,254,000	0.2	15,552,000	0.3	15,888,000	0.2
Total	<u>\$ 5,481,015,161</u>	<u>100.0 %</u>	<u>\$ 5,927,739,291</u>	<u>100.0 %</u>	<u>\$ 6,598,368,011</u>	<u>100.0 %</u>

Source: Board of Assessors.

## Largest Taxpayers

The following is a list of the Town's ten largest taxpayers based on assessed valuations for fiscal 2016:

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal 2016 Assessed Valuation</u>	<u>Fiscal 2016 Tax Levy</u>	<u>% of Net Tax Levy</u>
Hill Estates	Condominiums, Garages	\$ 72,115,000	\$ 905,764	1.17 %
Belmont Country Club	Country Club	25,038,500	314,484	0.41
Boston Gas	Public Service	23,135,340	290,580	0.37
AP Cambridge Partners Inc.	Developable Land	15,958,000	200,432	0.26
Belmont Manor Nursing Home	Nursing Home	15,372,000	193,072	0.25
Tellier Tr Joseph G	Office Buildings & Retail	13,859,000	174,069	0.22
Locatelli Trust (Foley)	Retail	11,073,000	139,077	0.18
Verizon NE	Telephone Utility	9,763,400	122,628	0.16
Star Market	Supermarket	9,605,000	120,639	0.16
K&R Realty Trust	Small Retail & Auto Service	8,109,000	101,849	0.13
<b>TOTAL</b>		<b>\$ 204,028,240</b>	<b>\$ 2,562,594</b>	<b>3.31 %</b>

Source: Board of Assessors.

## Abatements and Overlay

The Town is authorized by law to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue, but uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the amount of overlay reserves, total exemptions and abatements granted and overlay excess for the last five fiscal years:

<u>Fiscal Year</u>	<u>Net Tax Levy(1)</u>	<u>Overlay Dollar Amount</u>	<u>Percent of Net Levy</u>	<u>Abatements Granted through June 30</u>	<u>Excess (Deficit)</u>
2015	\$76,683,501	\$813,236	1.06%	\$225,095	\$588,141
2014	73,181,474	812,231	1.11	234,448	577,783
2013	71,204,782	852,740	1.20	274,317	578,423
2012	68,986,003	881,362	1.26	344,135	537,227
2011	67,089,377	576,197	0.85	330,519	245,678

(1) Total tax levy less overlay.

Source: Board of Assessors.

## Tax Collections

The taxes for each fiscal year generally are due in two installments on November 1 (subject to deferral if tax bills are sent out late) and May 1, unless the city or town accepts a statute providing for quarterly tax payments. Under that statute, preliminary tax payments are due August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum. The Town bills for taxes on a quarterly basis.

The following table shows the total tax levy, the net tax levy and the amount collected for the last five fiscal years:

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Net Tax Levy (1)</u>	<u>% of Net Collected at June 30 (2)</u>
2015	\$77,496,737	\$76,683,501	99.0%
2014	73,993,705	73,181,474	99.0
2013	72,057,522	71,204,782	99.0
2012	69,867,365	69,779,203	99.2
2011	67,665,574	67,607,877	99.3

Source: Board of Assessors as to levies; Town Treasurer as to collections.

(1) Total tax levy less overlay.

(2) Actual collections less refunds, but excluding proceeds of tax titles and possessions attributable to that year's levy.

## Tax Titles and Possessions

Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property.

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

## Taxes Outstanding

The following table sets forth the amount of aggregate taxes outstanding as of fiscal year end, including tax titles, for the last five fiscal years:

<u>As of June 30</u>	<u>Aggregate Taxes Outstanding (1)</u>	<u>Tax Titles</u>
2015	\$660,322	\$933,802
2014	680,885	938,744
2013	892,564	1,093,884
2012	849,712	830,858
2011	746,783	680,099

Source: Town Treasurer.

(1) For five prior fiscal years. Excludes abated taxes. Includes taxes in litigation if any.

## **Sale of Tax Receivables**

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk. The Town does not expect to utilize this option at the present time.

## **Taxation to Meet Deficits**

As noted elsewhere (see "Abatements and Overlay," above) overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits; i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates; and certain established salaries, e.g., civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

## **Tax Limitations**

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt

service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

### Unused Levy Capacity (1)

	Fiscal Year				
	2016	2015	2014	2013	2012
Primary Levy Limit (2)	\$ 164,959,200	\$ 148,193,482	\$ 137,025,379	\$ 135,141,639	\$ 130,837,762
Prior Fiscal Year Levy Limit	72,323,062	69,920,766	67,493,704	65,144,708	63,052,436
2.5% Levy Growth	1,808,077	1,748,019	1,687,343	1,628,618	1,576,311
New Growth (3)	614,779	654,277	739,719	720,378	515,961
Overrides	4,500,000	-	-	-	-
Growth Levy Limit	79,245,918	72,323,062	69,920,766	67,493,704	65,144,708
Debt Exclusions	3,733,267	4,234,902	4,358,413	1,628,618	4,768,084
Capital Expenditure Exclusions	-	-	-	720,378	-
Other Adjustments	-	-	-	-	-
Tax Levy Limit	82,979,185	76,557,964	74,279,179	72,103,568	69,912,792
Tax Levy	82,875,502	76,467,837	73,993,705	72,057,522	69,867,365
Unused Levy Capacity (4)	103,683	90,127	285,474	46,046	45,427
Unused Primary Levy Capacity (5)	\$ 85,713,282	\$ 75,870,420	\$ 67,104,613	\$ 67,647,935	\$ 65,693,054

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations (or required reduction) - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

### Impact of Proposition 2½

The Town's response to the fiscal constraints imposed by Proposition 2½ has been to vote to exempt a significant portion of its long-term debt from Proposition 2½ and vote operating overrides.

On November 8, 1994, the Town voted to exempt from Proposition 2½ the amounts required to pay for bonds issued to construct, equip and furnish a replacement school for the Chenery Middle School (\$20,705,000).

On May 22, 2001, the Town voted a \$3,000,000 permanent operating override for fiscal 2002 and thereafter and voted to exempt debt service on bonds and notes for the \$2,200,000 Outdoor Athletic Facility project.

On April 1, 2002, the Town voted to exempt debt service on bonds and notes for the \$11,950,000 Town Hall Complex Remodeling project. On June 3, 2002, the Town voted a \$2,400,000 permanent operating override for fiscal 2003 and thereafter.

On April 5, 2004, the Town voted to exempt debt service on bonds and notes for the \$11,430,000 Fire Station projects. The Town issued bonds in the amount of \$8.5 million against this authorization in June 2004.

On November 14, 2005, the Town voted to exempt debt service on bonds and notes for the \$6,328,456 senior center project.

On June 8, 2009, the Town voted to exempt debt service on bonds and notes for the \$39,764,430 Roger Wellington Elementary School construction project from the limitations of Proposition 2 ½. The MSBA has voted to provide grants totaling \$12,400,020 that will be used to reduce the Town's share of project costs. The Town issued Bonds totaling \$26.7 million for this project and received approximately \$10.4 million in MSBA grants.

On April 1, 2014, the Town voted to exempt debt service on bonds and notes for the \$5,602,000 Underwood Pool project. On May 7, 2014, the Town voted \$2,300,000 Community Preservation monies for the pool project. During the summer of 2014, \$400,000 was raised by private fund raising. The Town borrowed the balance of \$2,902,000 for this project in the Bond issue dated May 7, 2015.

On April 7, 2015 the Town voted an operating override of \$4,500,000 by a vote of 55 percent to 45 percent for school purposes.

### **Pledged Taxes**

Taxes on the certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See "Tax Increment Financing for Development Districts" below).

### **Initiative Petitions**

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted, such amendments must be approved by two successive legislatures and then by the voters at a state election.

### **Community Preservation Act**

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state



legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

On November 2, 2010, the Town accepted the CPA tax to begin in fiscal year 2012. The following table represents the Towns surcharge revenue and state match funds for the past four fiscal years.

Fiscal Year	Surcharge	State Match	Total
2015	\$ 984,830	\$ 288,337	\$ 1,273,167
2014	940,381	291,615	1,231,996
2013	917,239	470,418	1,387,657
2012	858,813	232,884	1,091,697

## TOWN FINANCES

### The Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the annual town meeting, which usually takes place in April. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory, or finance committee. The committee (or the Board of Selectmen if authorized by by-law) is required to submit a budget of proposed expenditures at the annual town meeting.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are included in the budgets adopted by city councils and town meetings, but electric and gas department funds may be appropriated by the municipal light board. Under certain legislation, any city or town, which accepts the legislation, may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

### Operating Budget Trends (1)

	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
General Government (2)	\$ 13,714,576	\$ 12,531,868	\$ 11,995,627	\$ 11,294,520	\$ 10,742,809
Public Safety	12,817,290	12,825,722	12,318,651	11,809,570	11,559,611
Education	50,491,595	46,907,050	45,201,084	44,008,491	42,463,902
Public Services (3)	22,443,156	22,891,935	22,914,586	21,749,406	21,542,456
Human Services	800,190	873,959	843,631	802,786	760,729
Culture & Recreation	3,072,192	2,916,970	2,025,180	2,657,913	2,555,194
State Charges	1,737,816	1,721,435	1,656,483	1,643,598	1,491,775
Capital Outlay	3,367,365	2,678,500	2,411,000	2,582,000	2,356,235
Abatements/Exemptions	805,773	813,235	812,230	800,000	881,000
Debt Service	4,400,919	5,088,387	5,036,027	5,297,428	5,576,522
<b>Totals</b>	<b>\$ 113,650,872</b>	<b>\$ 109,249,061</b>	<b>\$ 105,214,499</b>	<b>\$ 102,645,712</b>	<b>\$ 99,930,233</b>

Source: Town Accountant

- (1) Budgets for fiscal 2012, 2013, 2014, 2015 and 2016 are shown as appropriated at Annual Town Meeting. These budgets reflect neither revenues, mandatory items nor expenditures authorized for non-recurring (general capital) purposes under "special" warrant articles or transfers occurring subsequent to the annual town meeting.
- (2) General Government includes non-school retiree pension and health insurance payments.
- (3) Includes public works, water and sewer. Water and sewer are enterprise funds.

## Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Since its inception, the Town has funded its school operations above the level mandated by the Act.

## Revenues

Property Taxes: Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION – Tax Limitations," above.

State Distributions: In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

The Town received the following state aid distributions from the Commonwealth: \$7,970,667 in fiscal year 2012, \$8,301,831 in fiscal year 2013, \$8,527,549 in fiscal year 2014, \$9,127,616 in fiscal year 2015 and \$9,126,791 in fiscal year 2016 (estimate). Included in fiscal years 2012 through 2015, distribution was \$382,498 in MSBA grants.

In the fall of 1986, both the State Legislature (by statute repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

State School Building Assistance Program: Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the

municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Local Options Meals Tax: On November 6, 2009, the Town adopted the local option meals excise tax to be effective January 1, 2010. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The following is a three year history of meals tax receipts:

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2015	\$207,523
2014	196,594
2013	185,432
2012	171,682
2011	153,016

Motor Vehicle Excise Tax: An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles. Following is a five-year history of motor vehicle excise tax receipts:

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2015	\$3,259,624
2014	3,077,303
2013	2,839,227
2012	2,832,809
2011	2,704,656

(1) Net after refunds. Includes receipts from prior years' levies.

Water and Sewer Rates and Services: The Town is a member community of the MWRA for water and sewer services. Water and sewer services are enterprise funds. Water and sewer services are provided to 100% of the Town. As of July 2010 the Town adopted an entirely new rate structure which includes rates, rates based on size of lines, and a fixed base cost not dependent on use. Following are water and sewer revenues and expenditures for fiscal 2015 on a cash basis. Expenditures include prior year encumbrances.

<u>Fiscal 2015</u>	<u>Water</u>	<u>Sewer</u>
Revenues	\$5,816,274	\$8,132,667
Expenses	<u>(5,488,217)</u>	<u>(7,825,900)</u>
Net Income (Loss)	\$ 328,057	\$306,767

**Annual Audits**

The Town is audited annually by the firm of Powers & Sullivan, Certified Public Accountants, of Boston, Massachusetts.

The attached report speaks only as of its date, and only the matters expressly set forth therein. The auditors have not been engaged to review this Annual Report or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

**Financial Statements**

Set forth on the following pages are Governmental Funds Balance Sheets for the fiscal year ending June 30, 2015, June 30, 2014, June 30, 2013 and June 30, 2012, and a Comparative Statement of Revenues and Expenditures (Governmental Funds) for fiscal years 2015, 2014, 2013, 2012, 2011 and 2010. Said statements have been extracted from audited financial statements.

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2015 (1)

	General	Wellington School Construction	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 20,545,817	\$ -	\$ 149,117	\$ 11,938,621	\$ 32,633,555
Investments.....	3,509,656	-	1,681,566	7,186,513	12,377,735
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	656,526	-	7,265	-	663,791
Real estate tax deferrals.....	672,848	-	-	-	672,848
Tax liens.....	933,802	-	-	-	933,802
Motor vehicle excise taxes.....	183,269	-	-	-	183,269
Departmental and other.....	400,467	-	-	12,925	413,392
Intergovernmental.....	-	-	165,000	1,934,122	2,099,122
Due from other funds.....	129,459	-	-	-	129,459
<b>TOTAL ASSETS.....</b>	<b>\$ 27,031,844</b>	<b>\$ -</b>	<b>\$ 2,002,948</b>	<b>\$ 21,072,181</b>	<b>\$ 50,106,973</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 1,389,881	\$ -	\$ 499	\$ 1,394,694	\$ 2,785,074
Accrued payroll.....	523,074	-	-	23,689	546,763
Tax refunds payable.....	648,000	-	-	-	648,000
Other liabilities.....	491,893	-	-	-	491,893
Due to other funds.....	-	129,459	-	-	129,459
<b>TOTAL LIABILITIES.....</b>	<b>3,052,848</b>	<b>129,459</b>	<b>499</b>	<b>1,418,383</b>	<b>4,601,189</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	3,971,683	-	172,265	1,182,076	5,326,024
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	2,981,430	2,981,430
Restricted.....	-	-	1,830,184	15,490,292	17,320,476
Committed.....	3,425,065	-	-	-	3,425,065
Assigned.....	3,892,731	-	-	-	3,892,731
Unassigned.....	12,689,517	(129,459)	-	-	12,560,058
<b>TOTAL FUND BALANCES.....</b>	<b>20,007,313</b>	<b>(129,459)</b>	<b>1,830,184</b>	<b>18,471,722</b>	<b>40,179,760</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 27,031,844</b>	<b>\$ -</b>	<b>\$ 2,002,948</b>	<b>\$ 21,072,181</b>	<b>\$ 50,106,973</b>

(1) Extracted from audited financial statements.

**Town of Belmont, Massachusetts**  
**Balance Sheet - Governmental Funds**  
**June 30, 2014 (1)**

	General	Wellington School Construction	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 14,907,602	\$ -	\$ 795,746	\$ 7,708,395	\$ 23,411,743
Investments	8,426,190	-	2,230,708	7,435,215	18,092,113
Receivables, net of uncollectibles:					
Real estate and personal property taxes	673,295	-	7,590	-	680,885
Real estate tax deferrals	686,321	-	-	-	686,321
Tax liens	938,744	-	-	-	938,744
Motor vehicle excise taxes	183,345	-	-	-	183,345
Departmental and other	417,711	-	-	12,530	430,241
Intergovernmental	331,000	-	207,000	1,584,554	2,122,554
Due from other funds	108,666	-	-	-	108,666
Total Assets	<u>\$ 26,672,874</u>	<u>\$ -</u>	<u>\$ 3,241,044</u>	<u>\$ 16,740,694</u>	<u>\$ 46,654,612</u>
<b>Liabilities and Fund Balances</b>					
Warrants payable	\$ 1,293,645	\$ -	\$ -	\$ 55,353	\$ 1,348,998
Accrued Payroll	440,991	-	-	19,449	460,440
Tax refunds payable	577,000	-	-	-	577,000
Other liabilities	491,697	-	-	-	491,697
Due to other funds	-	108,666	-	-	108,666
Total Liabilities	<u>2,803,333</u>	<u>108,666</u>	<u>-</u>	<u>74,802</u>	<u>2,986,801</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	4,349,904	-	233,804	1,277,882	5,861,590
<b>Fund Balances:</b>					
Nonspendable	-	-	-	2,708,722	2,708,722
Restricted	-	-	3,007,240	12,679,288	15,686,528
Committed	3,628,391	-	-	-	3,628,391
Assigned	3,450,458	-	-	-	3,450,458
Unassigned	12,440,788	(108,666)	-	-	12,332,122
Total Fund Balances	<u>\$ 19,519,637</u>	<u>\$ (108,666)</u>	<u>\$ 3,007,240</u>	<u>\$ 15,388,010</u>	<u>\$ 37,806,221</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 26,672,874</u>	<u>\$ -</u>	<u>\$ 3,241,044</u>	<u>\$ 16,740,694</u>	<u>\$ 46,654,612</u>

(1) Extracted from audited financial statements.

**Town of Belmont, Massachusetts**  
**Balance Sheet - Governmental Funds**  
**June 30, 2013 (1)**

	General	Wellington School Construction	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>					
Cash and investments	\$ 17,995,050	\$ 116,339	\$ 908,815	\$ 6,136,565	\$ 25,156,769
Investments	3,624,369	-	1,096,289	6,934,802	11,655,460
Receivables, net of uncollectibles:					
Real estate and personal property taxes	883,828	-	8,736	-	892,564
Real estate tax deferrals	660,050	-	-	-	660,050
Tax liens	1,093,884	-	-	-	1,093,884
Motor vehicle excise taxes	225,747	-	-	-	225,747
Departmental and other	414,602	-	-	12,025	426,627
Intergovernmental	834,000	-	470,418	698,293	2,002,711
<b>Total Assets</b>	<b>\$ 25,731,530</b>	<b>\$ 116,339</b>	<b>\$ 2,484,258</b>	<b>\$ 13,781,685</b>	<b>\$ 42,113,812</b>
<b><u>Liabilities and Fund Balances</u></b>					
Warrants payable	\$ 1,224,859	\$ 317,095	\$ -	\$ 224,823	\$ 1,766,777
Accrued Payroll	447,759	-	-	16,418	464,177
Tax refunds payable	601,000	-	-	-	601,000
Other liabilities	630,523	-	-	-	630,523
Deferred revenue	5,148,331	-	479,153	710,318	6,337,802
<b>Total Liabilities</b>	<b>8,052,472</b>	<b>317,095</b>	<b>479,153</b>	<b>951,559</b>	<b>9,800,279</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	2,239,691	2,239,691
Restricted	-	-	2,005,105	10,590,435	12,595,540
Committed	3,627,111	-	-	-	3,627,111
Assigned	3,672,302	-	-	-	3,672,302
Unassigned	10,379,645	(200,756)	-	-	10,178,889
<b>Total Fund Balances</b>	<b>\$ 17,679,058</b>	<b>\$ (200,756)</b>	<b>\$ 2,005,105</b>	<b>\$ 12,830,126</b>	<b>\$ 32,313,533</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 25,731,530</b>	<b>\$ 116,339</b>	<b>\$ 2,484,258</b>	<b>\$ 13,781,685</b>	<b>\$ 42,113,812</b>

(1) Extracted from audited financial statements.



**Town of Belmont, Massachusetts**  
**Balance Sheet - Governmental Funds**  
**June 30, 2012 (1)**

	General	Wellington School Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>				
Cash and investments	\$ 20,713,384	\$ 2,112,592	\$ 6,221,834	\$ 29,047,810
Investments	256,669	-	6,938,454	7,195,123
Receivables, net of uncollectibles:				
Real estate and personal property taxes	849,712	-	-	849,712
Real estate tax deferrals	629,351	-	-	629,351
Tax liens	830,858	-	-	830,858
Motor vehicle excise taxes	137,460	-	-	137,460
Departmental and other	548,570	-	10,575	559,145
Intergovernmental	662,000	-	831,726	1,493,726
<b>Total Assets</b>	<b>\$ 24,628,004</b>	<b>\$ 2,112,592</b>	<b>\$ 14,002,589</b>	<b>\$ 40,743,185</b>
<b><u>Liabilities and Fund Balances</u></b>				
Warrants payable	\$ 724,121	\$ 1,266,176	\$ 357,073	\$ 2,347,370
Accrued Payroll	520,958	-	-	520,958
Tax refunds payable	364,000	-	-	364,000
Other liabilities	476,222	-	-	476,222
Deferred revenue	4,896,337	-	838,425	5,734,762
<b>Total Liabilities</b>	<b>6,981,638</b>	<b>1,266,176</b>	<b>1,195,498</b>	<b>9,443,312</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	2,083,618	2,083,618
Restricted	-	846,416	10,723,473	11,569,889
Committed	4,590,112	-	-	4,590,112
Assigned	2,924,030	-	-	2,924,030
Unassigned	10,132,224	-	-	10,132,224
<b>Total Fund Balances</b>	<b>\$ 17,646,366</b>	<b>\$ 846,416</b>	<b>\$ 12,807,091</b>	<b>\$ 31,299,873</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,628,004</b>	<b>\$ 2,112,592</b>	<b>\$ 14,002,589</b>	<b>\$ 40,743,185</b>

(1) Extracted from audited financial statements.

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

YEAR ENDED JUNE 30, 2015 (1)

	General	Wellington School Construction	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 76,075,836	\$ -	\$ -	\$ -	\$ 76,075,836
Tax liens.....	336,922	-	-	-	336,922
Motor vehicle and other excise taxes.....	3,467,149	-	-	-	3,467,149
Charges for services.....	2,260,829	-	-	-	2,260,829
Penalties and interest on taxes.....	427,131	-	-	-	427,131
Licenses and permits.....	1,940,336	-	-	-	1,940,336
Fines and forfeitures.....	236,553	-	-	-	236,553
Intergovernmental.....	13,556,405	-	291,615	3,893,788	17,741,808
Departmental and other.....	-	-	-	3,837,794	3,837,794
Community preservation tax.....	-	-	991,630	-	991,630
Contributions.....	-	-	13	911,604	911,617
Investment income.....	294,236	-	8,245	156,871	459,352
Miscellaneous.....	-	-	-	1,425	1,425
<b>TOTAL REVENUES.....</b>	<b>98,595,397</b>	<b>-</b>	<b>1,291,503</b>	<b>8,801,482</b>	<b>108,688,382</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	3,734,959	-	394,555	500,236	4,629,750
Public safety.....	12,317,373	-	-	1,589,553	13,906,926
Education.....	47,373,217	20,793	96,374	7,333,910	54,824,294
Public works.....	9,475,354	-	-	1,876,522	11,351,876
Human services.....	839,470	-	-	168,024	1,007,494
Culture and recreation.....	2,756,495	-	1,977,630	2,210,199	6,944,324
Pension benefits.....	10,473,148	-	-	-	10,473,148
Employee benefits.....	1,933,248	-	-	-	1,933,248
State and county charges.....	1,713,061	-	-	-	1,713,061
Debt service:					
Principal.....	3,448,192	-	-	-	3,448,192
Interest.....	1,600,917	-	-	-	1,600,917
<b>TOTAL EXPENDITURES.....</b>	<b>95,665,454</b>	<b>20,793</b>	<b>2,468,559</b>	<b>13,678,444</b>	<b>111,833,250</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>2,929,943</b>	<b>(20,793)</b>	<b>(1,177,056)</b>	<b>(4,876,962)</b>	<b>(3,144,868)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from bonds and notes.....	-	-	-	4,355,398	4,355,398
Proceeds from refunding bonds.....	1,330,050	-	-	-	1,330,050
Premium from issuance of bonds.....	225,108	-	-	-	225,108
Premium from issuance of refunding bonds.....	80,015	-	-	-	80,015
Payments to refunded bond escrow agent.....	(1,410,065)	-	-	-	(1,410,065)
Sale of assets.....	-	-	-	776	776
Transfers in.....	1,311,125	-	-	4,074,263	5,385,388
Transfers out.....	(3,978,500)	-	-	(469,763)	(4,448,263)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(2,442,267)</b>	<b>-</b>	<b>-</b>	<b>7,960,674</b>	<b>5,518,407</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>487,676</b>	<b>(20,793)</b>	<b>(1,177,056)</b>	<b>3,083,712</b>	<b>2,373,539</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>19,519,637</b>	<b>(108,666)</b>	<b>3,007,240</b>	<b>15,388,010</b>	<b>37,806,221</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 20,007,313</b>	<b>\$ (129,459)</b>	<b>\$ 1,830,184</b>	<b>\$ 18,471,722</b>	<b>\$ 40,179,760</b>

(1) Extracted from audited financial statements.

**Town of Belmont, Massachusetts**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**As of June 30, 2014 (1)**

	General	Wellington School Construction	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Real estate and personal property taxes, net of tax refunds	\$ 73,657,181	\$ -	\$ -	\$ -	\$ 73,657,181
Tax liens	489,554	-	-	-	489,554
Motor vehicles and other excise taxes	3,273,897	-	-	-	3,273,897
Charges for services	2,194,716	-	-	-	2,194,716
Penalties and interest on taxes	389,566	-	-	-	389,566
Licenses and permits	1,170,923	-	-	-	1,170,923
Fines and forfeitures	269,294	-	-	-	269,294
Intergovernmental	17,874,796	172,522	470,418	4,510,183	23,027,919
Departmental and other	-	-	-	3,503,520	3,503,520
Community preservation tax	-	-	908,256	-	908,256
Contributions	-	-	-	158,719	158,719
Investments income	200,457	-	12,399	657,933	870,789
Miscellaneous	-	-	-	2,386	2,386
<b>Total Revenues</b>	<b>\$ 99,520,384</b>	<b>\$ 172,522</b>	<b>\$ 1,391,073</b>	<b>\$ 8,832,741</b>	<b>\$ 109,916,720</b>
<b>Expenditures:</b>					
Current:					
General government	\$ 3,414,809	\$ -	\$ 388,938	\$ 606,656	\$ 4,410,403
Public safety	12,235,301	-	-	277,721	12,513,022
Education	54,572,642	80,432	-	7,894,982	62,548,056
Public works	8,912,397	-	-	1,790,667	10,703,064
Human services	818,828	-	-	139,151	957,979
Culture and recreation	2,582,155	-	-	131,680	2,713,835
Pension benefits	5,634,285	-	-	-	5,634,285
Employee benefits	1,896,831	-	-	-	1,896,831
State and county charges	1,678,335	-	-	-	1,678,335
Debt service:					
Principal	3,364,191	-	-	-	3,364,191
Interest	1,619,336	-	-	-	1,619,336
<b>Total Expenditures</b>	<b>\$ 96,729,110</b>	<b>\$ 80,432</b>	<b>\$ 388,938</b>	<b>\$ 10,840,857</b>	<b>\$ 108,039,337</b>
Excess (deficiency) of revenues over (under) expenditures	2,791,274	92,090	1,002,135	(2,008,116)	1,877,383
Other financing sources (uses):					
Proceeds from bonds and notes	-	-	-	2,380,000	2,380,000
Premium from issuance of bonds	298,180	-	-	-	298,180
Transfers in	1,162,125	-	-	2,662,432	3,824,557
Transfers out	(2,411,000)	-	-	(476,432)	(2,887,432)
<b>Total other financing sources (uses)</b>	<b>(950,695)</b>	<b>-</b>	<b>-</b>	<b>4,566,000</b>	<b>3,615,305</b>
<b>Net Change in Fund Balances</b>	<b>1,840,579</b>	<b>92,090</b>	<b>1,002,135</b>	<b>2,557,884</b>	<b>5,492,688</b>
Fund balance, beginning of year	17,679,058	(200,756)	2,005,105	12,830,126	32,313,533
<b>Fund balance, end of year</b>	<b>\$ 19,519,637</b>	<b>\$ (108,666)</b>	<b>\$ 3,007,240</b>	<b>\$ 15,388,010</b>	<b>\$ 37,806,221</b>

(1) Extracted from audited financial statements.

**Town of Belmont, Massachusetts**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**As of June 30, 2013 (1)**

	General	Wellington School Construction	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Real and personal property	\$ 71,175,012	\$ -	\$ -	\$ -	\$ 71,175,012
Tax liens	252,308	-	-	-	252,308
Motor vehicles and other excise taxes	3,024,663	-	-	-	3,024,663
Charges for services	2,070,994	-	-	-	2,070,994
Penalties and interest on taxes	378,917	-	-	-	378,917
Licenses and permits	1,032,556	-	-	-	1,032,556
Fines and forfeitures	228,339	-	-	-	228,339
Intergovernmental	17,369,944	-	232,884	3,429,459	21,032,287
Departmental and other	-	-	-	3,624,986	3,624,986
Community preservation tax	-	-	917,239	-	917,239
Contributions	-	-	-	160,489	160,489
Investments income (loss)	155,945	-	8,645	795,325	959,915
Miscellaneous	-	-	-	2,399	2,399
Total Revenues	<u>\$ 95,688,678</u>	<u>\$ -</u>	<u>\$ 1,158,768</u>	<u>\$ 8,012,658</u>	<u>\$ 104,860,104</u>
<b>Expenditures:</b>					
Current:					
General government	\$ 3,305,468	\$ -	\$ 11,456	\$ 402,217	\$ 3,719,141
Public safety	11,704,673	-	-	395,410	12,100,083
Education	53,058,737	1,047,172	-	6,815,145	60,921,054
Public works	8,214,116	-	-	2,569,274	10,783,390
Human services	779,276	-	-	115,781	895,057
Culture and recreation	2,564,609	-	-	80,110	2,644,719
Pension benefits	5,281,527	-	-	-	5,281,527
Employee benefits	1,452,565	-	-	-	1,452,565
State and county charges	1,642,046	-	-	-	1,642,046
Debt service:					
Principal	3,593,191	-	-	-	3,593,191
Interest	1,651,735	-	-	-	1,651,735
Total Expenditures	<u>\$ 93,247,943</u>	<u>\$ 1,047,172</u>	<u>\$ 11,456</u>	<u>\$ 10,377,937</u>	<u>\$ 104,684,508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,440,735</u>	<u>(1,047,172)</u>	<u>1,147,312</u>	<u>(2,365,279)</u>	<u>175,596</u>
Other financing sources (uses):					
Transfers in	1,161,873	-	-	3,566,111	4,727,984
Transfers out	(3,569,916)	-	-	(320,004)	(3,889,920)
Total other financing sources (uses)	<u>(2,408,043)</u>	<u>-</u>	<u>-</u>	<u>3,246,107</u>	<u>838,064</u>
Net Change in Fund Balances	32,692	(1,047,172)	1,147,312	880,828	1,013,660
Fund balance, beginning of year	17,646,366	846,416	857,793	11,949,298	31,299,873
Fund balance, end of year	<u>\$ 17,679,058</u>	<u>\$ (200,756)</u>	<u>\$ 2,005,105</u>	<u>\$ 12,830,126</u>	<u>\$ 32,313,533</u>

(1) Extracted from audited financial statements.

**Town of Belmont, Massachusetts**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**As of June 30, 2012 (1)**

	General	Wellington School Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Real and personal property	\$ 69,066,625	\$ -	\$ -	\$ 69,066,625
Tax liens	77,135	-	-	77,135
Motor vehicles and other excise taxes	2,832,809	-	-	2,832,809
Charges for services	1,938,327	-	-	1,938,327
Penalties and interest on taxes	188,785	-	-	188,785
Licenses and permits	1,071,045	-	-	1,071,045
Fines and forfeitures	305,549	-	-	305,549
Intergovernmental	16,705,612	2,926,818	4,570,755	24,203,185
Departmental and other	-	-	3,350,326	3,350,326
Community preservation tax	-	-	858,812	858,812
Contributions	-	-	156,990	156,990
Investments income (loss)	164,597	-	180,559	345,156
Miscellaneous	-	-	1,998	1,998
Total Revenues	<u>\$ 92,350,484</u>	<u>\$ 2,926,818</u>	<u>\$ 9,119,440</u>	<u>\$ 104,396,742</u>
<b>Expenditures:</b>				
Current:				
General government	\$ 3,177,601	\$ -	\$ 136,126	\$ 3,313,727
Public safety	11,303,132	-	382,889	11,686,021
Education	50,846,299	6,670,414	6,549,531	64,066,244
Public works	7,361,360	-	2,105,920	9,467,280
Human services	771,171	-	109,960	881,131
Culture and recreation	2,424,230	-	134,299	2,558,529
Pension benefits	5,051,044	-	-	5,051,044
Employee benefits	1,677,162	-	-	1,677,162
State and county charges	1,506,670	-	-	1,506,670
Debt service:				
Principal	3,553,191	-	-	3,553,191
Interest	1,863,331	-	-	1,863,331
Total Expenditures	<u>\$ 89,535,191</u>	<u>\$ 6,670,414</u>	<u>\$ 9,418,725</u>	<u>\$ 105,624,330</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,815,293</u>	<u>(3,743,596)</u>	<u>(299,285)</u>	<u>(1,227,588)</u>
Other financing sources (uses):				
Proceeds from refunding bonds	9,956,000	-	-	9,956,000
Premium from issuance of bonds	171,965	-	-	171,965
Premium from issuance of refunding bonds	1,591,941	-	-	1,591,941
Payments to refunded bond escrow agent	(11,547,941)	-	-	(11,547,941)
Capital lease financing	-	-	448,096	448,096
Transfers in	1,326,492	-	2,574,641	3,901,133
Transfers out	(2,372,236)	-	(529,044)	(2,901,280)
Total other financing sources (uses)	<u>(873,779)</u>	<u>-</u>	<u>2,493,693</u>	<u>1,619,914</u>
Net Change in Fund Balances	1,941,514	(3,743,596)	2,194,408	392,326
Fund balance, beginning of year, as restated	15,704,852	4,590,012	10,612,683	30,907,547
Fund balance, end of year	<u>\$ 17,646,366</u>	<u>\$ 846,416</u>	<u>\$ 12,807,091</u>	<u>\$ 31,299,873</u>

(1) Extracted from audited financial statements.

**Town of Belmont, Massachusetts**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**As of June 30, 2011 (1)**

	General	Wellington School Construction	Reserved for Appropriation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Real and personal property	\$ 67,603,489	\$ -	\$ -	\$ -	\$ 67,603,489
Tax liens	73,475	-	-	-	73,475
Motor vehicles and other excise taxes	2,857,672	-	-	-	2,857,672
Charges for services	1,678,182	-	-	-	1,678,182
Penalties and interest on taxes	211,690	-	-	-	211,690
Licenses and permits	923,263	-	-	-	923,263
Fines and forfeitures	201,055	-	-	-	201,055
Intergovernmental	16,636,864	6,311,161	-	3,601,991	26,550,016
Departmental and other	-	-	224,347	2,927,683	3,152,030
Contributions	-	-	-	348,847	348,847
Investments income (loss)	248,098	-	287,586	43,053	578,737
Miscellaneous	-	-	-	1,367	1,367
Total Revenues	<u>\$ 90,433,788</u>	<u>\$ 6,311,161</u>	<u>\$ 511,933</u>	<u>\$ 6,922,941</u>	<u>\$ 104,179,823</u>
<b>Expenditures:</b>					
Current:					
General government	\$ 2,890,449	\$ -	\$ -	\$ 275,126	\$ 3,165,575
Public safety	11,079,614	-	-	292,779	11,372,393
Education	49,005,115	21,751,798	-	6,264,694	77,021,607
Public works	8,358,084	-	-	1,581,130	9,939,214
Human services	704,218	-	-	94,892	799,110
Culture and recreation	2,392,439	-	-	175,529	2,567,968
Pension benefits	4,564,181	-	-	-	4,564,181
Employee benefits	1,638,551	-	-	-	1,638,551
State and county charges	1,488,230	-	-	-	1,488,230
Debt service:					
Principal	3,898,191	-	-	-	3,898,191
Interest	1,994,214	-	-	-	1,994,214
Total Expenditures	<u>\$ 88,013,286</u>	<u>\$ 21,751,798</u>	<u>\$ -</u>	<u>\$ 8,684,150</u>	<u>\$ 118,449,234</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,420,502</u>	<u>(15,440,637)</u>	<u>511,933</u>	<u>(1,761,209)</u>	<u>(14,269,411)</u>
Other financing sources (uses):					
Transfers in	1,390,337	-	29,143	2,544,966	3,964,446
Transfers out	<u>(2,217,200)</u>	<u>-</u>	<u>(550,000)</u>	<u>(199,373)</u>	<u>(2,966,573)</u>
Total other financing sources (uses)	<u>(826,863)</u>	<u>-</u>	<u>(520,857)</u>	<u>2,345,593</u>	<u>997,873</u>
Net Change in Fund Balances	1,593,639	(15,440,637)	(8,924)	584,384	(13,271,538)
Fund balance, beginning of year, as restated	14,111,213	20,030,649	3,517,538	6,519,685	44,179,085
Fund balance, end of year	<u>\$ 15,704,852</u>	<u>\$ 4,590,012</u>	<u>\$ 3,508,614</u>	<u>\$ 7,104,069</u>	<u>\$ 30,907,547</u>

(1) Extracted from audited financial statements.

## Unassigned General Fund Balances and Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years.

The following table sets forth the trend in the Town's unassigned general fund balances and free cash:

<u>Year</u>	Unassigned General Fund Balance for Fiscal Year Ending <u>as of June 30 (1)</u>	Free Cash For Fiscal Year Beginning <u>July 1</u>
2015	\$12,689,517	\$7,604,052
2014	12,440,788	7,465,047
2013	10,379,645	6,169,590
2012	10,132,224	5,825,793
2011	9,080,464	4,904,820

(1) Source: Audited Financial Statements.

## Capital Endowment Fund

At the 1994 Annual Town Meeting, the Town voted to authorize, through a special act of the legislature, the creation of a Capital Endowment Fund (the "Fund"). The Fund was capitalized with \$2,000,000 of the proceeds from the sale of Town's interest in the local cable television system. This Fund, which is managed by the Town Treasurer, is accounted for in the Town's trust funds and has specific procedures and requirements for its investment, appropriation, expenditure and reporting. Net income generated from the Fund's investments may be appropriated annually at the Town Meeting upon recommendation of the Board of Selectmen for various purposes for which the Town is authorized to borrow under the General Laws, except routine maintenance or repairs to any capital asset. Principal may also be appropriated upon recommendation by the Board of Selectmen and two-thirds vote of the Town Meeting. Any excess earnings not appropriated are reinvested and become part of the Fund.

The table below represents the last five fiscal year balances:

<u>Fiscal Year</u>	<u>Balances</u>
2015	\$ 3,595,462
2014	3,674,757
2013	3,340,333
2012	3,077,440
2011	3,122,296

Source: Town Treasurer.

## Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for the other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Tax Limitations" under "PROPERTY TAXATION" above).

The Town has no such districts.

## **Investment of Town Funds**

Investments of funds of cities and town, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the MMDT's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

MMDT funds, unless otherwise provided by the donor, may be invested in accordance with section 54 of Chapter 44, which permits a broader range of investments than section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by sections 54 and 55 do not apply to city and town retirement systems.

Pension funds are under the jurisdiction of the Town of Belmont Employee's Retirement System. Details regarding the retirement system are discussed in Appendix A. See also "Retirement Systems" below.



## INDEBTEDNESS

### Authorization of General Obligation Bonds and Notes

Serial bonds and notes are authorized by vote of two-thirds of the town meeting. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue serial bonds or notes. Revenue anticipation notes and temporary notes in anticipation of authorized federal and state aid generally may be issued by the Treasurer with the approval of the Selectmen.

### Debt Limits

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Finance Oversight Board ("MFOB") consisting of the Attorney General, the State Treasurer, the State Auditor, and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year, to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "PROPERTY TAXATION - Taxation to Meet Deficits," above). In any event, the period from an original borrowing to its final maturity cannot exceed one year.

### Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue. Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the MFOB, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the MFOB. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State

Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. They must generally mature within two years, but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Clean Water or Drinking Water Revolving Loan Programs and for certain economic development projects supported by the increment financings. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

**Direct Debt Summary (1)  
as of June 30, 2015**

**Long Term Indebtedness (2)**

Within the General Debt Limit:

Schools	\$25,000
Sewers and Drains	1,590,000
MCWT (3)	9,753,308
General	18,475,448

Total Within the General Debt Limit \$29,763,706

Outside the General Debt Limit:

Schools	23,075,000
Sewers and Drains	223,762
MCWT (3)	15,670
Water	4,425,265
General	25,110,000

Total Outside the General Debt Limit 52,849,698

This issue of Bonds 1,886,000

This issue of Notes (4) 27,600,000

**Total Direct Debt** **\$112,099,404**

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt unfunded pension liability and post-employment benefits liability.
- (2) Based on the Town's equalized valuation, its normal general debt limit is \$280,622,635 and its double general debt limit is \$561,245,270. (See "Debt Limits," above.)
- (3) Massachusetts Clean Water Trust ("MCWT").
- (4) On February 8, 2012, the Town voted to authorize \$53,700,000 for the expansion and modernization of the Town electric system. The Town issued \$26,100,000 general obligation bonds representing the Town's share of the project. The Town has an agreement with NSTAR in which NSTAR will provide funds to retire \$27,600,000 general obligation taxable bond anticipation notes at the completion of the project in 2017.

## Key Debt Ratios

The following table sets forth the percentage of debt to assessed and equalized valuations and per capita debt ratios as of the end of the last five fiscal years. The table considers the principal amount of general obligation bonds of the Town of Belmont only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or in part, by non-tax revenues.

	June 30,				
	2011	2012	2013	2014	2015
Amount (1)	\$ 62,526,450	\$ 60,199,993	\$ 55,970,654	\$ 80,812,301	\$ 82,613,404
Per Capita (2)	2,528	2,434	2,263	3,268	3,341
Percent of Assessed Valuation (3)	1.22%	1.11%	1.04%	1.47%	1.39%
Percent of Equalized Valuation (4)	1.12%	1.07%	1.00%	1.44%	1.43%
Per Capita Debt as a % of Per Capita Income (2)	5.95%	5.73%	5.33%	7.69%	7.86%

- (1) Excludes temporary loans, lease purchase obligations, overlapping debt and unfunded pension liability and post-employment benefits liability.  
 (2) Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.  
 (3) Source: Town Board of Assessors - Assessed valuation as of the prior January 1.  
 (4) Source: Massachusetts Department of Revenue. (Equalized valuation in effect for that fiscal year.)

## Annual Debt Service (1) As of June 30, 2015

Fiscal Year	Outstanding		Less	Net	Cumulative %
	Principal	Interest	MCWT Subsidies	Debt Service	Principal Retired
2016	\$ 5,127,664	\$ 2,777,257	\$ (795)	\$ 7,904,126	6.2 %
2017	5,182,632	2,632,169	(623)	7,814,178	12.5
2018	5,135,925	2,472,482	(443)	7,607,965	18.7
2019	5,104,910	2,310,928	(263)	7,415,576	24.9
2020	5,103,312	2,150,436	(86)	7,253,662	31.1
2021	5,072,121	1,977,380	-	7,049,501	37.2
2022	5,069,286	1,805,527	-	6,874,813	43.3
2023	5,060,560	1,630,189	-	6,690,749	49.5
2024	4,587,067	1,454,212	-	6,041,279	55.0
2025	3,973,815	1,282,527	-	5,256,342	59.8
2026	3,835,804	1,157,555	-	4,993,359	64.5
2027	3,633,044	1,048,517	-	4,681,561	68.9
2028	3,660,535	919,582	-	4,580,117	73.3
2029	3,763,288	804,420	-	4,567,708	77.8
2030	3,891,303	669,275	-	4,560,578	82.6
2031	3,839,591	529,269	-	4,368,860	87.2
2032	3,545,331	393,173	-	3,938,504	91.5
2033	2,595,229	269,758	-	2,864,987	94.6
2034	2,607,005	171,590	-	2,778,595	97.8
2035	1,824,982	70,125	-	1,895,107	100.0
Total	<u>\$ 82,613,404</u>	<u>\$ 26,526,370</u>	<u>\$ (2,210)</u>	<u>\$ 109,137,564</u>	

- (1) Excludes short term debt, lease and installment purchase obligations, overlapping debt and unfunded pension liability and post-employment benefits liability.

## Authorized Unissued Debt and Prospective Financing

Following delivery of the Bonds, the Town will have approximately \$34,225,984 authorized but unissued debt for electric expansion, school, and water projects.

Description of Debt Authorization	Authorization	
	Year	Amount
Wellington Elementary School Construction (1) (2)	2009	\$ 2,638,586
Water	2011	977,000
Electric Department Expansion (3)	2012	27,600,000
Water	2012	2,898,398
Underwood Pool Facility Design & Construction	2014	112,000
Public Safety Radio Equipment	2015	350
		<u>\$ 34,226,334</u>

(1) Exempt from Proposition 2 ½.

(2) On June 8, 2009, the Town voted to exempt debt service on bonds and notes for the \$39,764,430 Roger Wellington Elementary School construction project from the limitations of Proposition 2 ½. The MSBA has voted to provide grants totaling \$12,400,020 that will be used to reduce the Town's share of project costs.

(3) On February 8, 2012, the Town voted to authorize \$53,700,000 for the expansion and modernization of the Town electric system. The Town issued \$26,100,000 general obligation bonds representing the Town's share of the project. The Town has an agreement with NSTAR in which NSTAR will provide funds to retire the \$27,600,000 general obligation taxable bond anticipation notes at the completion of the project in 2017.

## Overlapping Debt (1)

Following are the principal entities whose indebtedness is chargeable to the Town or payable from taxation of property within the Town as of the most recent date available:

	Outstanding Bonded Debt As of June 30, 2015	FY 2016 Assessment for Operations & Debt Service
Massachusetts Bay Transportation Authority (2)	\$5,634,750,025	\$1,627,415
MWRA (3)		
Water	2,101,091,000	\$1,663,141
Sewer	3,797,261,000	3,177,781
Minuteman Regional Vocational-Technical School District (4)	-	831,521

(1) Dollar assessment based upon total net operating expenses, inclusive of debt service where applicable.

(2) Source: Massachusetts Bay Transportation Authority (the "MBTA") was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the authority as provided in the enabling act. The aggregate amount of such assessments is not generally permitted to increase by more than 2.5 percent per year.

(3) The MWRA provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

(4) Source: District Treasurer's Office. The operating expenses of regional school districts, including debt service when applicable, are apportioned among the member municipalities in accordance with the agreements establishing the districts, subject to the provisions of the Education Reform Act of 1993.

## Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed generally to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally will be expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long term contractual obligations not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution cities and towns may also be empowered to make other contracts and leases.

The Town is a party to the following long-term contracts:

Name	Nature of Contract	Contract Expires	Actual Annual Cost - 2014	Estimated Annual Cost - 2015	Estimated Annual Cost - 2016	Estimated Annual Cost - 2017
Eastern Bus Company	School bus transportation (1)	June 30, 2017	\$ 336,960	\$ 367,200	\$ 378,000	\$ 388,800
MP Building Services	Cleaners - School Department	June 30, 2015	306,840	307,200	264,200 (2)	317,040

(1) Does not include after school transportation.

(2) Prorated September- June.

## RETIREMENT SYSTEMS

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that

payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

**Town of Belmont Retirement System**

The Town contributes to the Town of Belmont Employees' Retirement System (the "System"), a cost-sharing, multiple-employer, public employee retirement system that acts as the investment and administrative agent for the Town and the Housing Authority. The System provides retirement, disability and death benefits to plan members and beneficiaries. The System is a member of the Massachusetts Contributory System. Public school teachers are covered by the Massachusetts Teachers' Retirement System, to which the Town does not contribute.

The annual contributions of the Town to the Retirement System for calendar years 2011 through 2015 and budgeted for 2016 are as follows:

Calendar <u>Year</u>	Town <u>Contribution (1)</u>
2016 (budgeted)	\$7,740,650
2015	7,222,270
2014	6,764,680
2013	6,466,198
2012	6,183,032
2011	5,525,388

Source: Town of Belmont Contributory Retirement System.

(1) Includes Light Department, water and sewer enterprises, does not include Housing Authority.

The unfunded pension benefit obligation of the system at January 1, 2014 was as follows:

Benefits payable on account of present retired members and beneficiaries	\$ 84,186,110
Benefits payable on account of present active members	92,077,335
Benefits payable on account of present inactive members	<u>1,556,773</u>
	\$177,820,218
Present value of future members contributions	(20,905,231)
Present value of future normal contributions by Town	<u>(6,003,067)</u>
	\$150,911,920
Present assets	<u>(77,213,290)</u>
Unfunded pension benefit obligation	\$ 73,698,630

The foregoing data does not include the retirement system costs or liabilities of any larger entity of which the Town is a constituent part and for which it is assessed a share of expenses. The current amortization of the Town's unfunded pension benefit obligation is shown below.

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2002 ERI Liability	(4) Amortization of 2003 ERI Liability	(5) Amortization of Remaining Unfunded Liability	(6) Total Plan Cost: (2) + (3) + (4) + (5)	(7) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(8) Percent Increase in Total Cost
2015	\$ 1,297,269	\$ 23,098	\$ 70,989	\$ 5,973,167	\$ 7,364,523	\$ 76,501,166	--
2016	1,349,160	23,098	74,183	6,431,517	7,877,958	76,013,403	6.97 %
2017	1,403,126	23,098	77,522	6,923,443	8,427,189	74,999,719	6.97
2018	1,459,251	23,098	81,011	7,451,351	9,014,711	73,383,694	6.97
2019	1,517,621	-	84,656	8,040,916	9,643,193	71,080,433	6.97
2020	1,578,326	-	88,466	8,648,699	10,315,491	67,995,730	6.97
2021	1,641,459	-	92,446	9,300,755	11,034,660	64,025,154	6.97
2022	1,707,118	-	96,607	10,000,243	11,803,968	59,053,048	6.97
2023	1,775,402	-	100,954	10,750,554	12,626,910	52,951,438	6.97
2024	1,846,418	-	105,497	11,555,310	13,507,225	45,578,845	6.97
2025	1,920,275	-	110,244	12,418,395	14,448,914	36,778,977	6.97
2026	1,997,086	-	-	13,459,168	15,456,254	26,379,319	6.97
2027	2,076,970	-	-	14,456,854	16,533,824	14,189,578	6.97
2028	2,160,048	-	-	-	2,160,048	-	-86.94

SOURCE: January 1, 2014 Actuarial Valuation of the Belmont Contributory Retirement System, Segal Consulting.

### Other Post-Employment Benefits ('OPEB')

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

Fiscal Year	Pay-as-you-go Benefit Costs
2016 (budgeted)	\$ 2,850,692
2015	2,820,733
2014	2,858,852
2013	2,915,738
2012	3,025,641
2011	3,104,920

Source: Town Accountant

The Governmental Accounting Standards Board ("GASB") Statement Nos. 43 and 45, require public sector entities to report the future costs of non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town was required to implement the GASB reporting requirements for other post-employment benefits beginning in fiscal 2010. The unfunded accrued liability for all funds including the three enterprise funds of Water, Sewer and the Light Department is \$207.5 million, assuming a discount rate of 4.5%. At this discount rate, the Annual Required Contribution for Fiscal Year 2010, Fiscal 2011, Fiscal 2012 and Fiscal 2013 was \$16,827,151, \$18,220,905, \$19,375,232 and \$17,026,532, respectively.

The Commonwealth passed special legislation that has allowed the Town to establish an Other Post Employment Benefit Trust Fund. The trend in the Town's contributions to the OPEB Trust Fund is shown below.

Fiscal Year	OPEB Trust Contribution
2015	\$ 366,738
2014	264,882
2013	254,294
2012	105,000
2011	200,000

The current balance in the OPEB Trust Fund is approximately \$1,936,087.

The Town and unions agreed to health insurance changes in percentage contributions from 90% employer funded - 10% employee funded to 80% employer funded - 20% employee funded for employees' HMO plans, and 50% employer funded - 50% employee funded for employees' PPO plans, effective January 1, 2009.

### COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and bargain collectively by representatives of their choice on questions of wages, hours and other terms and conditions of employment.

The following table indicates union representation for Town employees:

<u>Employee Category</u>	<u>Represented by</u>	<u>Number of Employees</u>	<u>Contract Expires (1)</u>
School – Teachers and Nurses	Belmont Education Assoc. (Unit A)	329	8/31/2017
School – Support Staff	Belmont Education Assoc. (Unit D)	113	8/31/2017
School – Secretaries	Belmont Education Assoc. (Unit C)	17	12/31/2017
Town – Firefighters	IAFF #1637	54	6/30/2014
Town – Clerical/Asst. Dept. Head	SEIU #888	43	6/30/2017
Town Water/Highway	AFSCME #408	40	6/30/2017
School – Custodians/School Lunch Staff	AFSCME #408	33	6/30/2014
Town – Police	Assoc. of Prof. Belmont Police Officers	31	6/30/2014
Town – Electric/Light	IBEW #103	16	6/30/2014
School Administrators	Belmont Education Assoc. (Unit B)	16	6/30/2017
Town – Superior Police Officers	IBPO #521	15	6/30/2014
Town Librarians	Belmont Librarians Association	10	6/30/2017
Town – Public Safety Dispatchers	Joint Public Safety Communications Officers Association	8	6/30/2014
Town Custodians	AFSCME #408	3	6/30/2017
Total		728	

(1) Expired contracts are in negotiations.

### LITIGATION

At present there are a number of suits pending in which the Town is a defendant. In the opinion of Town Counsel, none of the pending litigation is considered likely to result, either individually or in the aggregate, in final judgments, that would materially affect the financial position of the Town

TOWN OF BELMONT, MASSACHUSETTS  
/s/ Floyd S. Carman, Treasurer

April 13, 2016



***TOWN OF BELMONT, MASSACHUSETTS***

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

***YEAR ENDED JUNE 30, 2015***

TOWN OF BELMONT, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

**TABLE OF CONTENTS**

Independent Auditor's Report.....	A-1
Management's Discussion and Analysis .....	A-3
Basic Financial Statements .....	A-15
Statement of net position .....	A-17
Statement of activities.....	A-18
Governmental funds – balance sheet.....	A-20
Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position .....	A-21
Governmental funds – statement of revenues, expenditures and changes in fund balances .....	A-22
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities .....	A-23
Proprietary funds – statement of net position .....	A-24
Proprietary funds – statement of revenues, expenses and changes in net position .....	A-25
Proprietary funds – statement of cash flows.....	A-26
Fiduciary funds – statement of fiduciary net position.....	A-27
Fiduciary funds – statement of changes in fiduciary net position .....	A-28
Notes to basic financial statements .....	A-29
Required Supplementary Information.....	A-63
Schedule of revenues, expenditures and changes in fund balance – general fund – budget and actual .....	A-64
Pension Plan Schedules – Retirement System .....	A-66
Schedule of changes in the net pension liability and related ratios .....	A-67
Schedule of contributions .....	A-68
Schedule of investment return .....	A-69
Pension Plan Schedules - Town.....	A-70
Schedule of the Town's proportionate share of the net pension liability.....	A-71
Schedule of Town's contributions .....	A-72
Schedule of special funding amounts .....	A-73
Other Postemployment Benefit Plan Schedules.....	A-74
Other postemployment benefit plan funding progress and employer contributions.....	A-75
Other postemployment benefit plan actuarial methods and assumptions .....	A-76
Notes to required supplementary information.....	A-77



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## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Belmont, Massachusetts

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Belmont, Massachusetts, as of and for the year ended June 30, 2015 (except for the Belmont Contributory Retirement System which is as of and for the year ended December 31, 2014), 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, 2014, which represent 51.0%, 38.6%, and 60.8%, 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, 2015 (except for the Belmont Contributory Retirement System and Municipal Light Plant which are as of and for the year ended December 31, 2014), 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 March 22, 2016 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*

March 22, 2016

# ***Management's Discussion and Analysis***

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## ***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, 2015.

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

### ***Financial Summary***

- The Town's assets exceeded its liabilities at the close of year 2015 by \$50.7 million.
- The Town's total net position decreased by \$1.9 million.
- At the end of year 2015, the unassigned fund balance for the general fund was \$12.7 million or 13.2% of general fund expenditures.
- This is the seventh year since the Town implemented GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. At year end, the postemployment benefit (OPEB) liability totaled \$82.6 million. Please see Note 13 in the financial statements for further details.
- To offset the impact of OPEB liability, the Town has established an Other Postemployment Benefits Trust Fund (Trust) to account for funds set aside to help meet future postemployment benefit costs for retirees. During 2015, the Town transferred \$264 thousand and the Trust received \$45 thousand in investment income, bringing the balance to \$2.0 million. The Town voted to transfer \$205 thousand into the fund during 2016.
- At year end, the balance in the Town's Internal Service Fund totaled \$8.5 million, an increase of \$987 thousand from the prior year.
- In order to take advantage of favorable interest rates, the Town issued \$2,590,000 of General Obligation Refunding Bonds. Total debt service was reduced by \$258,139 over the next 12 years. Please refer to NOTE 8 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 statement of activities distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, education, public works, human services, culture and recreation, community preservation and interest. The business-type activities of the Town include the water, sewer and light plant.

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** The focus of the Town of Belmont's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Belmont's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

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

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

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

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

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



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

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

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

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

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

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

The Town has implemented GASB Statement 67, *Financial Reporting for Pension Plans*, GASB Statement 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result additional footnote disclosures and required supplementary information was added to the report, as well as the recognition of deferred outflows and the net pension liability related to the Town's pension obligations. See Note 12 for more information. To reflect this change, the Town has recorded a net pension liability, which has resulted in the revision of the June 30, 2014, balance of the governmental activities and business type activities by \$57,997,474 and \$3,176,026, respectively.

## Government-wide Financial Analysis

### Governmental Activities

The 2014 noncurrent liabilities and beginning net position have been revised by \$57,997,474 to reflect the implementation of GASB Statements #68 and #71 and the associated net pension liability. The Town is able to report positive balance in two out of three categories of net position. As noted below, assets exceeded liabilities by \$6.1 million at the close of the most recent year.

	<u>2015</u>	<u>(As Revised) 2014</u>
<b>Assets:</b>		
Current assets.....	\$ 60,302,682	\$ 55,830,467
Capital assets.....	140,101,602	135,575,484
<b>Total assets.....</b>	<b><u>200,404,284</u></b>	<b><u>191,405,951</u></b>
<b>Total deferred outflows of resources.....</b>	<b><u>934,739</u></b>	<b><u>428,964</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	7,122,235	5,532,697
Noncurrent liabilities (excluding debt).....	143,305,998	129,228,866
Current debt.....	2,908,329	3,577,838
Noncurrent debt.....	40,472,534	39,055,416
<b>Total liabilities.....</b>	<b><u>193,809,096</u></b>	<b><u>177,394,817</u></b>
<b>Total deferred inflows of resources.....</b>	<b><u>1,410,687</u></b>	<b><u>1,318,776</u></b>
<b>Net Position:</b>		
Capital assets net of related debt.....	103,830,716	98,844,737
Restricted.....	5,712,285	4,770,295
Unrestricted.....	(103,423,761)	(90,493,710)
<b>Total net position.....</b>	<b><u>\$ 6,119,240</u></b>	<b><u>\$ 13,121,322</u></b>

A significant portion of the Town's net position, \$103.8 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, \$5.7 million, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of *unrestricted net position*, of \$103.4 million is due to the recognition of the liabilities associated with GASB Statement #45 in the amount of \$76.7 million, as well as GASB Statement #68 in the amount of \$57.8 million.

The governmental activities net position decreased by \$7.0 million in the current year. The decrease was primarily due a \$10.3 million increase in the other postemployment benefits liability, and the fact that depreciation exceeded principal payments on debt by \$648 thousand. These decreases were offset by \$518 thousand of capital grants related to Chapter 90 highway grants and State matching CPA fund grants. Other elements affecting net position were a surplus in the Internal Service fund of \$987,000, the recognition of \$591 thousand of deferred outflows related to pensions and the Town's ability to fund capital additions (approximately \$3.9 million) from current year revenues.

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

	<b>2015</b>	<b>(As Revised) 2014</b>
<b>Program Revenues:</b>		
Charges for services.....	\$ 7,868,664	\$ 6,880,480
Operating grants and contributions.....	15,511,455	19,449,179
Capital grants and contributions.....	518,084	1,275,108
<b>General Revenues:</b>		
Real estate and personal property taxes.....	75,959,984	72,256,633
Tax liens.....	331,980	334,414
Motor vehicle and other excise taxes.....	3,467,076	3,231,491
Community preservation tax.....	970,713	907,112
Nonrestricted grants.....	2,546,466	2,526,960
Penalties and interest on taxes.....	427,131	389,566
Unrestricted investment income.....	479,466	886,008
Gain/(loss) on disposal of capital assets.....	776	-
Total revenues.....	<b>108,081,795</b>	<b>108,136,951</b>
<b>Expenses:</b>		
General government.....	7,626,030	7,450,689
Public safety.....	20,065,660	20,163,937
Education.....	66,732,538	72,354,998
Public works.....	15,430,071	11,037,195
Human services.....	1,435,129	1,320,058
Culture and recreation.....	3,446,940	3,182,350
Interest.....	1,284,634	1,152,557
Total expenses.....	<b>116,021,002</b>	<b>116,661,784</b>
<b>Change in net position before transfers.....</b>	<b>(7,939,207)</b>	<b>(8,524,833)</b>
<b>Transfers.....</b>	<b>937,125</b>	<b>937,125</b>
<b>Change in net position.....</b>	<b>(7,002,082)</b>	<b>(7,587,708)</b>
<b>Net position at beginning of year (as revised).....</b>	<b>13,121,322</b>	<b>20,709,030</b>
<b>Net position at end of year.....</b>	<b>\$ 6,119,240</b>	<b>\$ 13,121,322</b>

**Business-type activities**

The 2014 noncurrent liabilities and beginning net position have been revised by \$1,988,701 in the water fund and \$1,187,325 in the sewer fund. Combined business-type activities net position increased by \$5.1 million in the current year. The following table identifies key elements of the enterprise operations:

	<u>2015</u>	<u>(As Revised) 2014</u>
<b>Assets:</b>		
Current assets.....	\$ 35,990,811	\$ 26,492,464
Noncurrent assets (excluding capital).....	6,373,002	3,186,971
Capital assets.....	59,354,323	52,276,923
Total assets.....	<u>101,718,136</u>	<u>81,956,358</u>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	2,232,802	2,544,127
Noncurrent liabilities (excluding debt).....	9,395,482	8,723,008
Current debt.....	2,374,131	17,112,246
Noncurrent debt.....	41,446,423	12,797,737
Total liabilities.....	<u>55,448,838</u>	<u>41,177,118</u>
<b>Total deferred inflows of resources.....</b>	<u>1,713,177</u>	<u>1,310,917</u>
<b>Net Position:</b>		
Capital assets net of related debt.....	29,525,498	24,686,083
Unrestricted.....	15,062,985	14,782,240
Total net position.....	<u>44,588,483</u>	<u>39,468,323</u>
<b>Program Revenues:</b>		
Charges for services.....	38,890,289	34,859,538
<b>General Revenues:</b>		
Unrestricted investment income.....	84,535	15,791
Total revenues.....	<u>38,974,824</u>	<u>34,875,329</u>
<b>Expenses:</b>		
Water.....	4,825,769	4,937,845
Sewer.....	7,233,825	7,316,529
Light.....	20,857,945	19,837,537
Total expenses.....	<u>32,917,539</u>	<u>32,091,911</u>
<b>Change in net position before transfers.....</b>	<b>6,057,285</b>	<b>2,783,418</b>
<b>Transfers.....</b>	<b>(937,125)</b>	<b>(937,125)</b>
<b>Change in net position.....</b>	<b>5,120,160</b>	<b>1,846,293</b>
<b>Net position at beginning of year (as revised).....</b>	<b>39,468,323</b>	<b>37,622,030</b>
<b>Net position at end of year.....</b>	<b>\$ <u>44,588,483</u></b>	<b>\$ <u>39,468,323</u></b>

## ***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 \$40.2 million comprised of \$20.0 million in the general fund, a deficit of \$129.0 thousand in the Wellington School construction fund, \$1.8 million in community preservation, and \$18.4 million in the nonmajor governmental funds. Overall fund balance increased by \$2.4 million in year 2015. This was primarily due to the issuance of \$4.4 million of long-term debt offset by the timing of the expenditure of grant funds versus the actual receipt of grant proceeds and activity of the Community Preservation Fund.

The general fund is the chief operating fund. At the end of the current year, the unassigned fund balance of the general fund was \$12.7 million, while the total fund balance was \$20.0 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 13.2% of general fund budgetary expenditures, while total fund balance represents 20.9% of that same amount. During 2015, the fund balance of the general fund increased by \$488 thousand. The change was primarily due to a budgetary surplus of \$693 thousand offset by an increase of \$71 in the Town's estimate for Appellate Tax Board cases.

The Wellington School construction fund is used to account for the activities related to the construction of the new school building. During 2015, the Town spent \$21 thousand on the project. At June 30, 2015, the fund has a deficit balance of \$129 thousand. The deficit will be funded with available funds and grant proceeds in future years. The project has only punch list items remaining as of June 30, 2015.

The community preservation fund had a fund balance at June 30, 2015, of \$1.8 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 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 decreased \$1.2 million during year 2015 due to the receipt of both state grants and the tax surcharges, offset by \$2.5 million of expenditures.

## ***Financial Analysis of Proprietary Funds***

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

The net position of the water, sewer and electric light funds increased \$5.1 million in year 2015. This performance was primarily the result of an increase in light user fees while controlling the related cost structures. The light department experienced an overall increase in revenue due to an increase in rates implemented in 2014. The water and sewer funds experienced slight increases in revenues while being able to control operating costs.

The internal service fund had an ending fund balance of \$8.5 million, which represents an increase of \$987 thousand over the prior year. Contributions exceeded claim payments by \$967 thousand and the fund earned \$20.0 thousand in investment earnings.

### ***General Fund Budgetary Highlights***

There was a net increase of \$1.8 million between the original and final adopted budgets. This increase primarily relates to free cash appropriations for construction on Belmont Center.

### ***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, 2015, amounted to \$199.5 million (net of depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, machinery and equipment, vehicles, and infrastructure assets. The Town's major capital projects relate to the Underwood Pool Construction, the purchase of public safety vehicles, paving, Belmont Center project and various other infrastructure projects.

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

The Town annually budgets over \$2.0 million per year from current-year appropriations for capital projects.

#### Light Department

Of the \$6.7 million increase in construction in progress, \$6.1 million was attributed to the 115KV substation project funded by \$26,100,000 of General Obligation Bonds. See debt administration note below for further information.

#### Debt Administration

Outstanding governmental bonded long-term debt, as of June 30, 2015, totaled \$41.6 million of which \$23.1 million relates to various School construction projects and purchases, \$9.7 million of refunding bonds, \$2.1 million relates to the senior center project, \$1.3 million relates to the purchase of fire vehicles, \$100 thousand relates to the Fire Station construction, and \$860 thousand relates to Harris Field repairs, \$2.8 million relates to the Underwood Pool construction, \$1.5 million relates to Town center construction, leaving a balance of \$171 thousand for other CIP projects. The enterprise funds have \$4.4 million in water debt and \$11.5 million in sewer debt, all of which are fully supported by the rates.

The Town has an "Aaa" rating from Moody's for general obligation debt.

#### Light Department

On April 26, 2012, the Town issued a Bond Anticipation Note (BAN) in the aggregate amount of \$14,000,000, which included a bond premium, bearing interest at 1.83% and maturing April 25, 2013. The proceeds were used to finance the 115kv Transmission Service Upgrade Project. On April 25, 2013, the BAN matured and was renewed in the aggregate amount of \$14,000,000 which included a bond premium, bearing interest at 1.77% and matured April 25, 2015. In April 2015, the \$14,000,000 BAN was permanently financed and an additional \$12,100,000 was added for a total long-term debt issuance of \$26,100,000 related to this project.

Please refer to notes 4, 7, and 8 for further discussion of the major capital and debt activity.

### ***Economic Factors and Next Year's Budget***

A statewide tax limitation statute known as "Proposition 2-1/2" limits the property tax levy to an amount equal to 2-1/2% of the value of all taxable property in the Town. A secondary limitation is that no levy in a year may exceed the preceding year's allowable tax levy by more than 2-1/2%, plus taxes levied on certain property newly added to the tax rolls. Certain Proposition 2-1/2% taxing limitations can be overridden by Town-wide referendum vote. The Town has taken advantage of this override capability to increase operating budgets and so-called "debt exclusions" that are not subject to the Proposition 2-1/2% limitations.

The Town collects 99% of its property tax billings in the year billed. Property taxes billed were \$75.6 million in 2015, which was a \$2.5 million increase from the prior year. \$654 thousand of this increase is the product of the certified new growth of the Town. Within this levy approximately \$3.4 million of previous debt exclusions were paid off.

The Town continues to experience growth in residential renovation and development. In year 2015, 1108 building permits were issued, resulting in \$100.2 million in taxable value. This activity has produced new growth tax revenue, which is exempt from the limitation imposed by Proposition 2 ½. For year 2015, the Town realized \$654 thousand in new taxes from this source.

The unemployment rate for Belmont as of December 2015 was 3.4% compared to the state figure of 5.6% and the nationwide figure of 6.3%.

### ***Requests for Information***

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

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***Basic Financial Statements***

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**STATEMENT OF NET POSITION**

JUNE 30, 2015

	<b>Primary Government</b>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 42,800,486	\$ 27,775,718	\$ 70,576,204
Investments.....	12,377,735	-	12,377,735
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	663,791	-	663,791
Real estate tax deferrals.....	672,848	-	672,848
Tax liens.....	933,802	65,952	999,754
Motor vehicle excise taxes.....	183,269	-	183,269
User fees.....	-	5,725,088	5,725,088
Departmental and other.....	413,392	-	413,392
Intergovernmental.....	2,099,122	98,468	2,197,590
Inventory.....	158,237	555,079	713,316
Prepaid expenses.....	-	92,582	92,582
Purchased power advanced deposits.....	-	1,677,924	1,677,924
<b>NONCURRENT:</b>			
Restricted cash and cash equivalents.....	-	6,373,002	6,373,002
Capital assets, non depreciable.....	16,456,335	16,193,264	32,649,599
Capital assets, depreciable.....	123,645,267	43,161,059	166,806,326
<b>TOTAL ASSETS.....</b>	<b>200,404,284</b>	<b>101,718,136</b>	<b>302,122,420</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions.....	591,006	32,362	623,368
Deferred loss on refunding.....	343,733	-	343,733
<b>TOTAL DEFERRED OUTFLOWS.....</b>	<b>934,739</b>	<b>32,362</b>	<b>967,101</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	2,785,074	1,638,367	4,423,441
Accrued liabilities.....	-	300,121	300,121
Accrued payroll.....	546,763	40,006	586,769
Health claims payable.....	1,650,000	-	1,650,000
Tax refunds payable.....	648,000	-	648,000
Accrued interest.....	568,877	100,493	669,370
Other liabilities.....	491,893	138,594	630,487
Capital lease obligations.....	306,552	-	306,552
Landfill closure.....	52,000	-	52,000
Compensated absences.....	73,076	15,221	88,297
Bonds payable.....	2,908,329	2,374,131	5,282,460
<b>NONCURRENT:</b>			
Capital lease obligations.....	97,401	-	97,401
Landfill closure.....	7,296,000	-	7,296,000
Compensated absences.....	1,388,445	289,214	1,677,659
Other postemployment benefits.....	76,690,787	5,939,232	82,630,019
Net pension liability.....	57,833,365	3,167,036	61,000,401
Bonds payable.....	40,472,534	41,446,423	81,918,957
<b>TOTAL LIABILITIES.....</b>	<b>193,809,096</b>	<b>55,448,838</b>	<b>249,257,934</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advanced collections.....	1,410,687	-	1,410,687
Rate stabilization reserve.....	-	1,713,177	1,713,177
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>1,410,687</b>	<b>1,713,177</b>	<b>3,123,864</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	103,830,716	29,525,498	133,356,214
Restricted for:			
Permanent funds:			
Expendable.....	880,040	-	880,040
Nonexpendable.....	2,981,430	-	2,981,430
Other purposes.....	1,850,815	-	1,850,815
Unrestricted.....	(103,423,761)	15,062,985	(88,360,776)
<b>TOTAL NET POSITION.....</b>	<b>\$ 6,119,240</b>	<b>\$ 44,588,483</b>	<b>\$ 50,707,723</b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 7,626,030	\$ 846,958	\$ 528,674	\$ 1,601	\$ (6,248,797)
Public safety.....	20,065,660	1,213,685	153,321	-	(18,698,654)
Education.....	66,732,538	3,019,702	14,197,324	-	(49,515,512)
Public works.....	15,430,071	1,896,052	301,379	266,506	(12,966,134)
Human services.....	1,435,129	232,121	212,648	-	(990,360)
Culture and recreation.....	3,446,940	660,146	66,611	-	(2,720,183)
Community preservation.....	-	-	-	249,977	249,977
Interest.....	1,284,634	-	51,498	-	(1,233,136)
<b>Total Governmental Activities.....</b>	<b>116,021,002</b>	<b>7,868,664</b>	<b>15,511,455</b>	<b>518,084</b>	<b>(92,122,799)</b>
<i>Business-Type Activities:</i>					
Water.....	4,825,769	6,485,130	-	-	1,659,361
Sewer.....	7,233,825	8,878,024	-	-	1,644,199
Light.....	20,857,945	23,527,135	-	-	2,669,190
<b>Total Business-Type Activities.....</b>	<b>32,917,539</b>	<b>38,890,289</b>	<b>-</b>	<b>-</b>	<b>5,972,750</b>
<b>Total Primary Government.....</b>	<b>\$ 148,938,541</b>	<b>\$ 46,758,953</b>	<b>\$ 15,511,455</b>	<b>\$ 518,084</b>	<b>\$ (86,150,049)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES (Continued)**

YEAR ENDED JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ <b>(92,122,799)</b>	\$ <b>5,972,750</b>	\$ <b>(86,150,049)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	75,959,984	-	75,959,984
Tax liens.....	331,980	-	331,980
Motor vehicle and other excise taxes.....	3,467,076	-	3,467,076
Community preservation tax.....	970,713	-	970,713
Penalties and interest on taxes.....	427,131	-	427,131
Grants and contributions not restricted to specific programs.....	2,546,466	-	2,546,466
Unrestricted investment income.....	479,466	84,535	564,001
Gain (loss) on disposal of assets.....	776	-	776
<i>Transfers, net</i> .....	937,125	(937,125)	-
Total general revenues and transfers.....	<u>85,120,717</u>	<u>(852,590)</u>	<u>84,268,127</u>
Change in net position.....	(7,002,082)	5,120,160	(1,881,922)
<i>Net Position:</i>			
Beginning of year.....	<u>13,121,322</u>	<u>39,468,323</u>	<u>52,589,645</u>
End of year.....	\$ <u><u>6,119,240</u></u>	\$ <u><u>44,588,483</u></u>	\$ <u><u>50,707,723</u></u>

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2015

	General	Wellington School Construction	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 20,545,817	\$ -	\$ 149,117	\$ 11,938,621	\$ 32,633,555
Investments.....	3,509,656	-	1,681,566	7,186,513	12,377,735
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	656,526	-	7,265	-	663,791
Real estate tax deferrals.....	672,848	-	-	-	672,848
Tax liens.....	933,802	-	-	-	933,802
Motor vehicle excise taxes.....	183,269	-	-	-	183,269
Departmental and other.....	400,467	-	-	12,925	413,392
Intergovernmental.....	-	-	165,000	1,934,122	2,099,122
Due from other funds.....	129,459	-	-	-	129,459
<b>TOTAL ASSETS.....</b>	<b>\$ 27,031,844</b>	<b>\$ -</b>	<b>\$ 2,002,948</b>	<b>\$ 21,072,181</b>	<b>\$ 50,106,973</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 1,389,881	\$ -	\$ 499	\$ 1,394,694	\$ 2,785,074
Accrued payroll.....	523,074	-	-	23,689	546,763
Tax refunds payable.....	648,000	-	-	-	648,000
Other liabilities.....	491,893	-	-	-	491,893
Due to other funds.....	-	129,459	-	-	129,459
<b>TOTAL LIABILITIES.....</b>	<b>3,052,848</b>	<b>129,459</b>	<b>499</b>	<b>1,418,383</b>	<b>4,601,189</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	3,971,683	-	172,265	1,182,076	5,326,024
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	2,981,430	2,981,430
Restricted.....	-	-	1,830,184	15,490,292	17,320,476
Committed.....	3,425,065	-	-	-	3,425,065
Assigned.....	3,892,731	-	-	-	3,892,731
Unassigned.....	12,689,517	(129,459)	-	-	12,560,058
<b>TOTAL FUND BALANCES.....</b>	<b>20,007,313</b>	<b>(129,459)</b>	<b>1,830,184</b>	<b>18,471,722</b>	<b>40,179,760</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 27,031,844</b>	<b>\$ -</b>	<b>\$ 2,002,948</b>	<b>\$ 21,072,181</b>	<b>\$ 50,106,973</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

Total governmental fund balances.....	\$	40,179,760
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		140,101,602
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		3,915,337
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		591,006
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		8,516,931
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(568,877)
Inventory is capitalized in the Statement of Activities.....		158,237
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable.....	(43,380,863)	
Capital lease obligations.....	(403,953)	
Landfill closure.....	(7,348,000)	
Other postemployment benefits payable.....	(76,690,787)	
Net pension liability.....	(57,833,365)	
Compensated absences.....	(1,461,521)	
Net effect of reporting long-term liabilities.....		(187,118,489)
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.....		343,733
Net position of governmental activities.....	\$	<u>6,119,240</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

	General	Wellington School Construction	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 76,075,836	\$ -	\$ -	\$ -	\$ 76,075,836
Tax liens.....	336,922	-	-	-	336,922
Motor vehicle and other excise taxes.....	3,467,149	-	-	-	3,467,149
Charges for services.....	2,260,829	-	-	-	2,260,829
Penalties and interest on taxes.....	427,131	-	-	-	427,131
Licenses and permits.....	1,940,336	-	-	-	1,940,336
Fines and forfeitures.....	236,553	-	-	-	236,553
Intergovernmental.....	13,556,405	-	291,615	3,893,788	17,741,808
Departmental and other.....	-	-	-	3,837,794	3,837,794
Community preservation tax.....	-	-	991,630	-	991,630
Contributions.....	-	-	13	911,604	911,617
Investment income.....	294,236	-	8,245	156,871	459,352
Miscellaneous.....	-	-	-	1,425	1,425
<b>TOTAL REVENUES.....</b>	<b>98,595,397</b>	<b>-</b>	<b>1,291,503</b>	<b>8,801,482</b>	<b>108,688,382</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	3,734,959	-	394,555	500,236	4,629,750
Public safety.....	12,317,373	-	-	1,589,553	13,906,926
Education.....	47,373,217	20,793	96,374	7,333,910	54,824,294
Public works.....	9,475,354	-	-	1,876,522	11,351,876
Human services.....	839,470	-	-	168,024	1,007,494
Culture and recreation.....	2,756,495	-	1,977,630	2,210,199	6,944,324
Pension benefits.....	10,473,148	-	-	-	10,473,148
Employee benefits.....	1,933,248	-	-	-	1,933,248
State and county charges.....	1,713,081	-	-	-	1,713,081
Debt service:					
Principal.....	3,448,192	-	-	-	3,448,192
Interest.....	1,600,917	-	-	-	1,600,917
<b>TOTAL EXPENDITURES.....</b>	<b>95,665,454</b>	<b>20,793</b>	<b>2,468,559</b>	<b>13,678,444</b>	<b>111,833,250</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>2,929,943</b>	<b>(20,793)</b>	<b>(1,177,056)</b>	<b>(4,876,962)</b>	<b>(3,144,868)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from bonds and notes.....	-	-	-	4,355,398	4,355,398
Proceeds from refunding bonds.....	1,330,050	-	-	-	1,330,050
Premium from issuance of bonds.....	225,108	-	-	-	225,108
Premium from issuance of refunding bonds.....	80,015	-	-	-	80,015
Payments to refunded bond escrow agent.....	(1,410,065)	-	-	-	(1,410,065)
Sale of assets.....	-	-	-	776	776
Transfers in.....	1,311,125	-	-	4,074,263	5,385,388
Transfers out.....	(3,978,500)	-	-	(469,763)	(4,448,263)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(2,442,267)</b>	<b>-</b>	<b>-</b>	<b>7,960,674</b>	<b>5,518,407</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>487,676</b>	<b>(20,793)</b>	<b>(1,177,056)</b>	<b>3,083,712</b>	<b>2,373,539</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>19,519,637</b>	<b>(108,666)</b>	<b>3,007,240</b>	<b>15,388,010</b>	<b>37,806,221</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 20,007,313</b>	<b>\$ (129,459)</b>	<b>\$ 1,830,184</b>	<b>\$ 18,471,722</b>	<b>\$ 40,179,760</b>

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, 2015

Net change in fund balances - total governmental funds.....		\$ 2,373,539
<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.....	8,622,111	
Depreciation expense.....	<u>(4,095,993)</u>	
Net effect of reporting capital assets.....		4,526,118
<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>		
		54,023
<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 (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(627,477)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Amortization of bond premiums.....	129,647	
Amortization of deferred charges.....	(55,281)	
Principal payments on capital leases.....	297,078	
Proceeds from bonds and notes.....	(4,355,398)	
Proceeds from refunding bonds.....	(1,330,050)	
Payments to refunded bond escrow agent.....	1,410,065	
Premium from issuance of refunding bonds.....	(80,015)	
Debt service principal payments.....	<u>3,448,192</u>	
Net effect of reporting long-term debt.....		(535,762)
<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.....	(65,559)	
Net change in accrued interest on long-term debt.....	16,809	
Net change in landfill closure accrual.....	(4,201,000)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	591,006	
Net change in net pension liability.....	164,109	
Net change in other postemployment benefits.....	<u>(10,284,512)</u>	
Net effect of recording long-term liabilities.....		(13,779,147)
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>986,624</u>
Change in net position of governmental activities.....		\$ <u>(7,002,082)</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Light (as of December 31, 2014)	Total	
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and cash equivalents.....	\$ 4,541,799	\$ 4,072,362	\$ 19,161,557	\$ 27,775,718	\$ 10,166,931
Receivables, net of allowance for uncollectibles:					
Tax liens.....	24,790	41,162	-	65,952	-
User fees.....	1,839,658	2,482,569	1,402,861	5,725,088	-
Intergovernmental.....	-	98,468	-	98,468	-
Inventory.....	189,563	15,956	349,560	555,079	-
Prepaid expenses.....	-	-	92,582	92,582	-
Purchased power advanced deposits.....	-	-	1,677,924	1,677,924	-
Total current assets.....	<u>6,595,810</u>	<u>6,710,517</u>	<u>22,684,484</u>	<u>35,990,811</u>	<u>10,166,931</u>
<b>NONCURRENT:</b>					
Restricted cash and cash equivalents.....	-	-	6,373,002	6,373,002	-
Capital assets, non depreciable.....	275,357	-	15,917,907	16,193,264	-
Capital assets, depreciable.....	13,266,461	23,027,603	6,866,995	43,161,059	-
Total noncurrent assets.....	<u>13,541,818</u>	<u>23,027,603</u>	<u>29,157,904</u>	<u>65,727,325</u>	<u>-</u>
<b>TOTAL ASSETS.....</b>	<u><u>20,137,628</u></u>	<u><u>29,738,120</u></u>	<u><u>51,842,388</u></u>	<u><u>101,718,136</u></u>	<u><u>10,166,931</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions.....	20,460	11,902	-	32,362	-
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	347,085	98,886	1,192,396	1,638,367	-
Accrued liabilities.....	-	-	300,121	300,121	-
Accrued payroll.....	22,633	17,373	-	40,006	-
Health claims payable.....	-	-	-	-	1,650,000
Accrued interest.....	-	100,493	-	100,493	-
Compensated absences.....	3,386	2,958	8,877	15,221	-
Bonds payable.....	650,958	733,173	990,000	2,374,131	-
Total current liabilities.....	<u>1,024,062</u>	<u>952,883</u>	<u>2,491,394</u>	<u>4,468,339</u>	<u>1,650,000</u>
<b>NONCURRENT:</b>					
Compensated absences.....	64,335	56,204	168,675	289,214	-
Other liabilities.....	-	-	138,594	138,594	-
Other postemployment benefits.....	1,519,343	1,222,721	3,197,168	5,939,232	-
Net pension liability.....	1,983,313	1,183,723	-	3,167,036	-
Bonds payable.....	3,774,310	10,753,848	26,918,265	41,446,423	-
Total noncurrent liabilities.....	<u>7,341,301</u>	<u>13,216,496</u>	<u>30,422,702</u>	<u>50,980,499</u>	<u>-</u>
<b>TOTAL LIABILITIES.....</b>	<u><u>8,365,363</u></u>	<u><u>14,169,379</u></u>	<u><u>32,914,096</u></u>	<u><u>55,448,838</u></u>	<u><u>1,650,000</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Rate stabilization reserve.....	-	-	1,713,177	1,713,177	-
<b>NET POSITION</b>					
Net investment in capital assets.....	10,209,286	12,795,377	6,520,835	29,525,498	-
Unrestricted.....	1,583,439	2,785,266	10,694,280	15,062,985	8,516,931
<b>TOTAL NET POSITION.....</b>	<u><u>\$ 11,792,725</u></u>	<u><u>\$ 15,580,643</u></u>	<u><u>\$ 17,215,115</u></u>	<u><u>\$ 44,588,483</u></u>	<u><u>\$ 8,516,931</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Light (as of December 31, 2014)	Total	
<b>OPERATING REVENUES:</b>					
Employee contributions .....	\$ -	\$ -	\$ -	\$ -	\$ 3,194,637
Employer contributions .....	-	-	-	-	10,049,115
Charges for services .....	6,484,980	8,878,024	23,582,379	38,945,383	-
Other .....	150	-	221,420	221,570	150,528
<b>TOTAL OPERATING REVENUES .....</b>	<b>6,485,130</b>	<b>8,878,024</b>	<b>23,803,799</b>	<b>39,166,953</b>	<b>13,394,280</b>
<b>OPERATING EXPENSES:</b>					
Cost of services and administration .....	4,492,181	6,442,343	19,576,084	30,510,608	-
Depreciation .....	315,729	510,777	1,281,852	2,108,358	-
Employee benefits .....	-	-	-	-	12,427,770
<b>TOTAL OPERATING EXPENSES .....</b>	<b>4,807,910</b>	<b>6,953,120</b>	<b>20,857,936</b>	<b>32,618,966</b>	<b>12,427,770</b>
<b>OPERATING INCOME (LOSS) .....</b>	<b>1,677,220</b>	<b>1,924,904</b>	<b>2,945,863</b>	<b>6,547,987</b>	<b>966,510</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income .....	4,455	3,604	76,476	84,535	20,114
Interest expense .....	(17,859)	(280,705)	(9)	(298,573)	-
Other expenses .....	-	-	(276,664)	(276,664)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET .....</b>	<b>(13,404)</b>	<b>(277,101)</b>	<b>(200,197)</b>	<b>(490,702)</b>	<b>20,114</b>
<b>INCOME (LOSS) BEFORE TRANSFERS .....</b>	<b>1,663,816</b>	<b>1,647,803</b>	<b>2,745,666</b>	<b>6,057,285</b>	<b>986,624</b>
<b>TRANSFERS:</b>					
Transfers out .....	(160,250)	(126,875)	(650,000)	(937,125)	-
<b>CHANGE IN NET POSITION .....</b>	<b>1,503,566</b>	<b>1,520,928</b>	<b>2,095,666</b>	<b>5,120,160</b>	<b>986,624</b>
<b>NET POSITION AT BEGINNING OF YEAR .....</b>	<b>10,289,159</b>	<b>14,059,715</b>	<b>15,119,449</b>	<b>39,468,323</b>	<b>7,530,307</b>
<b>NET POSITION AT END OF YEAR .....</b>	<b>\$ 11,792,725</b>	<b>\$ 15,580,643</b>	<b>\$ 17,215,115</b>	<b>\$ 44,588,483</b>	<b>\$ 8,516,931</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Light (as of December 31, 2014)	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users.....	\$ 5,813,011	\$ 8,031,236	\$ 24,300,310	\$ 38,144,557	\$ -
Receipts from interfund services provided.....	-	-	-	-	13,394,280
Payments to vendors.....	(3,115,228)	(5,026,742)	(15,259,664)	(23,401,634)	-
Payments to employees.....	(1,332,168)	(1,227,589)	(4,168,009)	(6,727,766)	-
Payments in lieu of taxes.....	-	-	(1,300,000)	(1,300,000)	-
Payments for interfund services used.....	-	-	-	-	(12,427,770)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>1,365,615</b>	<b>1,776,905</b>	<b>3,572,637</b>	<b>6,715,157</b>	<b>966,510</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers out.....	(160,250)	(126,875)	-	(287,125)	-
Grant income.....	-	-	60,063	60,063	-
Grant expense.....	-	-	(55,923)	(55,923)	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(160,250)</b>	<b>(126,875)</b>	<b>4,140</b>	<b>(282,985)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from the issuance of bonds and notes.....	769,602	388,461	12,100,000	13,258,063	-
Premium from the issuance of bonds and notes.....	-	-	1,808,265	1,808,265	-
Acquisition and construction of capital assets.....	(867,807)	(763,119)	(7,295,877)	(8,926,803)	-
Principal payments on bonds and notes.....	(583,358)	(617,349)	-	(1,200,707)	-
Interest expense.....	(17,859)	(209,936)	(9)	(227,804)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(699,422)</b>	<b>(1,201,943)</b>	<b>6,612,379</b>	<b>4,711,014</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment income.....	4,455	3,604	453	8,512	20,114
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>4,455</b>	<b>3,604</b>	<b>453</b>	<b>8,512</b>	<b>20,114</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>510,398</b>	<b>451,691</b>	<b>10,189,609</b>	<b>11,151,698</b>	<b>986,624</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>4,031,401</b>	<b>3,620,671</b>	<b>15,344,950</b>	<b>22,997,022</b>	<b>9,180,307</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 4,541,799</b>	<b>\$ 4,072,362</b>	<b>\$ 25,534,559</b>	<b>\$ 34,148,720</b>	<b>\$ 10,166,931</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>					
Operating income (loss).....	\$ 1,677,220	\$ 1,924,904	\$ 2,945,863	\$ 6,547,987	\$ 966,510
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	315,729	510,777	1,281,852	2,108,358	-
Payment in lieu of taxes.....	-	-	(650,000)	(650,000)	-
Rate stabilization reserve.....	-	-	402,260	402,260	-
Deferred outflows related to pensions.....	(20,460)	(11,902)	-	(32,362)	-
Changes in assets and liabilities:					
Tax liens.....	(12,877)	(22,193)	-	(35,070)	-
User fees.....	(659,242)	(726,127)	95,321	(1,290,048)	-
Intergovernmental.....	-	(98,468)	-	(98,468)	-
Inventory.....	(59,822)	(4,117)	(7,864)	(71,803)	-
Prepaid expenses.....	-	-	(11,828)	(11,828)	-
Purchased power advance deposits.....	-	-	(25,463)	(25,463)	-
Other postemployment benefits obligation.....	129,843	162,828	407,068	699,739	-
Net pension liability.....	(5,388)	(3,602)	-	(8,990)	-
Warrants payable.....	(2,157)	54,003	(218,190)	(166,344)	-
Accrued liabilities.....	-	-	(639,040)	(639,040)	-
Customer deposits.....	-	-	(1,070)	(1,070)	-
Accrued payroll.....	4,491	2,045	-	6,536	-
Accrued compensated absences.....	(1,722)	(11,243)	(6,272)	(19,237)	-
<b>Total adjustments.....</b>	<b>(311,605)</b>	<b>(147,999)</b>	<b>626,774</b>	<b>167,170</b>	<b>-</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 1,365,615</b>	<b>\$ 1,776,905</b>	<b>\$ 3,572,637</b>	<b>\$ 6,715,157</b>	<b>\$ 966,510</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY POSITION

JUNE 30, 2015

	Pension Trust Fund (as of December 31, 2014)	Other Postemployment Benefit Trust	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 1,470,354	\$ 20,299	\$ 333,442	\$ 310,974
Investments.....	82,622,449	2,009,552	498,720	21,000
Due from general fund.....	3,684,344	-	-	-
Other assets.....	-	-	-	110,513
<b>TOTAL ASSETS.....</b>	<b>87,777,147</b>	<b>2,029,851</b>	<b>832,162</b>	<b>442,487</b>
<b>LIABILITIES</b>				
Warrants payable.....	54,850	-	-	-
Accrued liabilities.....	-	-	-	38,537
Liabilities due depositors.....	-	-	-	293,437
Deferred revenue.....	-	-	-	110,513
<b>TOTAL LIABILITIES.....</b>	<b>54,850</b>	<b>-</b>	<b>-</b>	<b>442,487</b>
<b>NET POSITION</b>				
Restricted for pensions.....	87,722,297	-	-	-
Held in trust for OPEB and other purposes.....	-	2,029,851	832,162	-
	<b>\$ 87,722,297</b>	<b>\$ 2,029,851</b>	<b>\$ 832,162</b>	<b>\$ -</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2015

	Pension Trust Fund (as of December 31, 2014)	Other Postemployment Benefit Trust	Private Purpose Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer.....	\$ 7,364,523	\$ 264,882	\$ -
Employee.....	2,378,296	-	-
Miscellaneous.....	-	-	52,970
Total contributions.....	<u>9,742,819</u>	<u>264,882</u>	<u>52,970</u>
Net investment income (loss):			
Net change in fair value of investments.....	4,901,800	44,580	-
Interest.....	<u>1,077,953</u>	<u>-</u>	<u>19,423</u>
Total investment income (loss).....	5,979,753	44,580	19,423
Less: investment expense.....	<u>(457,985)</u>	<u>-</u>	<u>-</u>
Net investment income (loss).....	<u>5,521,768</u>	<u>44,580</u>	<u>19,423</u>
Intergovernmental.....	<u>65,400</u>	<u>-</u>	<u>-</u>
Transfers from other systems.....	<u>640,945</u>	<u>-</u>	<u>-</u>
TOTAL ADDITIONS.....	<u>15,970,932</u>	<u>309,462</u>	<u>72,393</u>
<b>DEDUCTIONS:</b>			
Administration.....	182,628	-	-
Transfers to other systems.....	557,434	-	-
Retirement benefits and refunds.....	9,814,526	-	-
Educational scholarships.....	<u>-</u>	<u>-</u>	<u>57,790</u>
TOTAL DEDUCTIONS.....	<u>10,554,588</u>	<u>-</u>	<u>57,790</u>
CHANGE IN NET POSITION.....	5,416,344	309,462	14,603
NET POSITION AT BEGINNING OF YEAR.....	<u>82,305,953</u>	<u>1,720,389</u>	<u>817,559</u>
NET POSITION AT END OF YEAR.....	<u>\$ 87,722,297</u>	<u>\$ 2,029,851</u>	<u>\$ 832,162</u>

See notes to basic financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Town of Belmont, Massachusetts (Town) is a municipal corporation that is governed by an elected three member Board of Selectmen. They in turn appoint a Town Administrator who has general supervision of and control over the Town's boards, commissions, officers and departments. The legislative body of the Town is the elected Town Meeting members which consist of 288 members elected for a three-year term in addition to some ex-officio members.

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

*Component Unit Presented as a Fiduciary Fund* – The following component unit is presented as a fiduciary fund of the primary government due to the nature and significance of 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, the Belmont Housing Authority employees and their beneficiaries. The System is governed by a five-member board comprised of the Town Accountant (ex-officio), two members elected by the System's participants, one member appointed by the Board of Selectmen and one member appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

**Availability of Financial Information for Component Units**

The System issues a publicly available audited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at Town Hall, 455 Concord Ave, Belmont, MA 02478.

**B. Government-Wide and Fund Financial Statements*****Government-Wide Financial Statements***

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

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

### *Fund Financial Statements*

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

### *Major Fund Criteria*

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

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

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

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

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

#### *Government-Wide Financial Statements*

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

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

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



Taxes and other items not identifiable as program revenues are reported as general revenues. For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

#### *Fund Financial Statements*

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

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

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

The following major governmental funds are reported:

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

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

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

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

The *special revenue fund* is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

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

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

**Proprietary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

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

The following major proprietary funds are reported:

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

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

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

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to the self-insured employee health program.

**Fiduciary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity by the Town for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

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

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

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

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

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

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

## E. 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 1<sup>st</sup> 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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> 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.

F. 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.

G. 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 are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

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

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

The fixed assets of the municipal light enterprise fund are capitalized upon purchase and depreciated at a rate of 5% of the cost of plant in service at the beginning of the calendar year, exclusive of land and land rights. The municipal light enterprise fund charges maintenance to expense when incurred. Replacements and betterments are charged to fixed assets.

#### *Governmental Fund Financial Statements*

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

#### H. Deferred Outflows/Inflows of Resources

##### *Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. In 2015, the Town reported a deferred loss on refunding and deferred outflows related to pensions as deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. In 2015, the Town reported advanced collections and the light plant rate stabilization reserve as deferred inflows of resources.

#### *Governmental Fund Financial Statements*

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

#### I. 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.

#### J. 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.

K 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.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net position)*

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state’s school building program is not considered to be capital related debt.

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

Net position has been “restricted for” the following:

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

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

“Other purposes” represents restrictions placed on assets from outside parties.

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

*Fund Financial Statements (Fund Balances)*

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

M. 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.

## N. 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.

## O. 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.

## P. 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.

## Q. 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.



R. Total Column*Government-Wide Financial Statements*

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

*Fund Financial Statements*

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not 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 (the 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. At year-end, the carrying amount of deposits totaled \$57,369,990 and the bank balance totaled \$57,924,447. Of the bank balance, \$2,456,167 was covered by Federal Depository Insurance, \$36,243,597 was covered by the Depositors Insurance Fund, \$3,903,613 was collateralized, and \$15,321,070 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2014, the carrying amount of the Retirement System's deposits totaled \$1,470,354 and the bank balance totaled \$1,595,454. All of the bank balance was covered by Federal Depository Insurance.

Investments

Following are the investments of the Town as of June 30, 2015 and the Retirement System as of December 31, 2014.

**Town’s Investments:**

Investment Type	Fair Value	Maturity			Quality Rating
		Under 1 Year	1-5 Years	6-10 Years	
<u>Debt Securities</u>					
U.S. Treasury Note.....	\$ 231,004	\$ -	\$ 231,004	\$ -	AAA
Corporate Bonds.....	1,522,410	538,442	689,804	294,164	A/AA/BBB+/NR
Federal National Mortgage Association.....	208,318	101,204	107,114	-	AAA
Federal Home Loan Mortgage Corp.....	111,063	-	111,063	-	AAA
Total Debt Securities.....	2,072,795	\$ 639,646	\$ 1,138,985	\$ 294,164	
<u>Other Investments</u>					
Equity Securities.....	3,272,949				
Negotiable Certificates of Deposit.....	8,262,819				
Mutual Funds.....	1,298,444				
Money Market Mutual Funds.....	4,286,492				
MMDT.....	15,957,439				
Total Investments.....	\$ 35,150,938				

**Retirement System’s Investments:**

	Fair Value	Maturity		Quality Rating
		1-5 Years	6-10 Years	
<u>Debt Securities</u>				
Scout Core Plus Bond Fund.....	\$ 8,265,984	\$ 8,265,984	\$ -	AA
Mondrian Global Fixed Income.....	1,859,681	-	1,859,681	AA+ *
Loomis Sayles Multisector.....	6,535,138	-	6,535,138	BBB *
Total Debt Securities.....	16,660,803	\$ 8,265,984	\$ 8,394,819	
<u>Other Investments</u>				
Equity Mutual Funds.....	11,387,462			
Equity Securities.....	15,070,468			
PRIT Hedge Fund Account.....	9,964,580			
PRIT Alternative Fund.....	9,387,763			
PRIT Real Estate Fund.....	8,977,292			
PRIT International Equity Fund.....	9,212,285			
PRIT Fund.....	1,961,796			
Total Investments.....	\$ 82,622,449			

\* Duration of underlying holdings in Scout Core Plus Bond Fund is 3.98 years, Mondrian Global Fixed Income Fund is 6.0 years, and the Loomis Sayles Multisector is 5.37 years.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. Of the Town’s investments in U.S. Treasury Notes, corporate bonds, asset backed securities, and equity securities, as detailed above the Town

has a custodial credit risk exposure of \$5,345,744 because the related securities are uninsured, unregistered and held by the counterparty.

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

The Retirement System has custodial credit risk exposure of \$15,070,468 because the related debt and equity securities are uninsured, unregistered and held by the counterparty.

The Retirement System limits its custodial credit risk by utilizing an institutional custodial bank, currently State Street Bank, to custody all separately held securities which are registered under a nominee name that is specific to the Retirement System. Assets held in commingled fund accounts are also held in a similar fashion, with individual fund securities held in the fund's name at their custodian bank. A small percentage of the Retirement System's assets (typically less than 5%) may be held from time to time in commingled cash equivalent vehicles where the assets are subject to counterparty risk.

#### Interest Rate Risk

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

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

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 2 months.

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 1.33 to 21.81 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, 2015.

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

Foreign Currency Risk

The Retirement System’s exposure to foreign currency risk is attributable to its investments in individual commingled mutual funds and trusts that are invested in diversified (by country and security) portfolios on international stocks and bonds that are denominated in foreign currencies. The Retirement System’s combined policy target allocation to all non-US securities is currently 20% of the Retirement System’s total assets (12% international equities and 8% international bonds).

**NOTE 3 – RECEIVABLES**

At June 30, 2015, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 667,586	\$ (3,795)	\$ 663,791
Real estate tax deferrals.....	672,848	-	672,848
Tax liens.....	933,802	-	933,802
Motor vehicle and other excise taxes.....	423,907	(240,638)	183,269
Departmental and other.....	646,595	(233,203)	413,392
Intergovernmental.....	2,099,122	-	2,099,122
Total.....	<u>\$ 5,443,860</u>	<u>\$ (477,636)</u>	<u>\$ 4,966,224</u>

At June 30, 2015, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user fees.....	\$ 1,839,658	\$ -	\$ 1,839,658
Water enterprise tax liens.....	24,790	-	24,790
Sewer user fees.....	2,482,569	-	2,482,569
Sewer enterprise tax liens.....	41,162	-	41,162
Sewer intergovernmental.....	98,468	-	98,468
Light user fees.....	1,402,861	-	1,402,861
Total.....	<u>\$ 5,889,508</u>	<u>\$ -</u>	<u>\$ 5,889,508</u>

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

	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>				
Real estate, personal property and tax deferrals....	\$ 2,454,145	\$ 7,265	\$ -	\$ 2,461,410
Tax liens.....	933,802	-	-	933,802
Motor vehicle and other excise.....	183,269	-	-	183,269
Intergovernmental.....	-	165,000	1,169,151	1,334,151
Departmental.....	400,467	-	12,925	413,392
<b>Total.....</b>	<b>\$ 3,971,683</b>	<b>\$ 172,265</b>	<b>\$ 1,182,076</b>	<b>\$ 5,326,024</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 16,194,930	\$ 35,280	\$ -	\$ 16,230,210
Construction in progress.....	135,955	226,125	(135,955)	226,125
<b>Total capital assets not being depreciated.....</b>	<b>16,330,885</b>	<b>261,405</b>	<b>(135,955)</b>	<b>16,456,335</b>
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,169,690	5,047,881	-	9,217,571
Buildings.....	131,681,414	147,350	-	131,828,764
Machinery and equipment.....	13,595,985	315,792	-	13,911,777
Vehicles.....	4,856,530	1,554,814	-	6,411,344
Infrastructure.....	35,843,011	1,430,824	-	37,273,835
<b>Total capital assets being depreciated.....</b>	<b>190,146,630</b>	<b>8,496,661</b>	<b>-</b>	<b>198,643,291</b>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,483,101)	(217,920)	-	(2,701,021)
Buildings.....	(42,933,606)	(1,950,589)	-	(44,884,195)
Machinery and equipment.....	(11,514,783)	(878,049)	-	(12,392,832)
Vehicles.....	(4,027,949)	(307,488)	-	(4,335,437)
Infrastructure.....	(9,942,592)	(741,947)	-	(10,684,539)
<b>Total accumulated depreciation.....</b>	<b>(70,902,031)</b>	<b>(4,095,993)</b>	<b>-</b>	<b>(74,998,024)</b>
<b>Total capital assets being depreciated, net.....</b>	<b>119,244,599</b>	<b>4,400,668</b>	<b>-</b>	<b>123,645,267</b>
<b>Total governmental activities capital assets, net.....</b>	<b>\$ 135,575,484</b>	<b>\$ 4,662,073</b>	<b>\$ (135,955)</b>	<b>\$ 140,101,602</b>

**Business-Type Activities:**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 3,138	\$ -	\$ -	\$ 3,138
Construction in progress.....	-	272,219	-	272,219
Total capital assets not being depreciated.....	3,138	272,219	-	275,357
<u>Capital assets being depreciated:</u>				
Land improvements.....	7,822	-	-	7,822
Buildings.....	519,034	-	-	519,034
Machinery and equipment.....	551,499	-	-	551,499
Vehicles.....	919,642	-	-	919,642
Infrastructure.....	30,984,158	867,807	-	31,851,965
Total capital assets being depreciated.....	32,982,155	867,807	-	33,849,962
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(7,822)	-	-	(7,822)
Buildings.....	(169,898)	(7,701)	-	(177,599)
Machinery and equipment.....	(521,754)	(49,119)	-	(570,873)
Vehicles.....	(749,124)	(49,549)	-	(798,673)
Infrastructure.....	(18,819,174)	(209,360)	-	(19,028,534)
Total accumulated depreciation.....	(20,267,772)	(315,729)	-	(20,583,501)
Total capital assets being depreciated, net.....	12,714,383	552,078	-	13,266,461
Total business-type activities capital assets, net.....	\$ 12,717,521	\$ 824,297	\$ -	\$ 13,541,818
<b>Sewer:</b>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 1,252,918	\$ -	\$ -	\$ 1,252,918
Vehicles.....	586,991	118,200	-	705,191
Infrastructure.....	25,396,500	644,919	-	26,041,419
Total capital assets being depreciated.....	27,236,409	763,119	-	27,999,528
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(127,083)	(39,276)	-	(166,359)
Vehicles.....	(972,095)	(126,806)	-	(1,098,901)
Infrastructure.....	(3,361,970)	(344,695)	-	(3,706,665)
Total accumulated depreciation.....	(4,461,148)	(510,777)	-	(4,971,925)
Total business-type activities capital assets, net.....	\$ 22,775,261	\$ 252,342	\$ -	\$ 23,027,603

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Light:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 9,349	\$ -	\$ -	\$ 9,349
Construction in progress.....	10,325,234	6,713,011	(1,129,687)	15,908,558
Total capital assets not being depreciated.....	<u>10,334,583</u>	<u>6,713,011</u>	<u>(1,129,687)</u>	<u>15,917,907</u>
<u>Capital assets being depreciated:</u>				
Distribution Plant.....	16,933,758	1,463,197	(246,297)	18,150,658
General Plant.....	8,709,688	236,412	-	8,946,100
Total capital assets being depreciated.....	<u>25,643,446</u>	<u>1,699,609</u>	<u>(246,297)</u>	<u>27,096,758</u>
<u>Less accumulated depreciation for:</u>				
Distribution Plant.....	(14,038,589)	(847,621)	246,297	(14,639,913)
General Plant.....	(5,155,299)	(434,551)	-	(5,589,850)
Total accumulated depreciation.....	<u>(19,193,888)</u>	<u>(1,282,172)</u>	<u>246,297</u>	<u>(20,229,763)</u>
Total capital assets being depreciated, net.....	<u>6,449,558</u>	<u>417,437</u>	<u>-</u>	<u>6,866,995</u>
Total business-type activities capital assets, net.....	<u>\$ 16,784,141</u>	<u>\$ 7,130,448</u>	<u>\$ (1,129,687)</u>	<u>\$ 22,784,902</u>

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

**Governmental Activities:**

General government.....	\$ 568,684
Public safety.....	678,696
Education.....	1,870,885
Public works.....	796,114
Human services.....	21,689
Culture and recreation.....	<u>159,925</u>
Total depreciation expense - governmental activities.....	<u>\$ 4,095,993</u>

**Business-Type Activities:**

Water.....	\$ 315,729
Sewer.....	510,777
Light.....	<u>1,282,172</u>
Total depreciation expense - business-type activities.....	<u>\$ 2,108,678</u>

**NOTE 5 – CAPITAL LEASES**

The Town entered into a lease agreement to finance the acquisition of energy conservation equipment and also a lease agreement to finance the acquisition of an ambulance and other public safety related equipment. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The following identifies the asset value acquired through the capital lease agreement:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment.....	\$ 2,141,096
Less: accumulated depreciation.....	<u>(1,719,110)</u>
Total.....	<u>\$ 421,986</u>

The future minimum lease obligation and the net present value of the minimum lease payments at June 30, 2015, follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2016.....	\$ 317,997
2017.....	<u>99,069</u>
Total minimum lease payments.....	417,066
Less: amounts representing interest.....	<u>(13,113)</u>
Present value of minimum lease payments.....	<u>\$ 403,953</u>

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

As of June 30, 2015, the Town had an interfund receivable and payable between the general fund and the Wellington school construction capital project fund in the amount of \$129,459. The purpose of this balance was to cover a deficit cash balance for cash flow purposes.

Interfund transfers for the year ended June 30, 2015, are summarized as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund.....	\$ -	\$ 3,978,500	\$ 3,978,500 (1)
Nonmajor Governmental Funds....	374,000	95,763	469,763 (2)
Water Enterprise Fund.....	160,250	-	160,250 (3)
Sewer Enterprise Fund.....	126,875	-	126,875 (3)
Light Enterprise Fund.....	<u>650,000</u>	<u>-</u>	<u>650,000 (4)</u>
Total.....	<u>\$ 1,311,125</u>	<u>\$ 4,074,263</u>	<u>\$ 5,385,388</u>

- (1) Transfers represent amounts voted to fund various capital projects.
- (2) Transfers represent amounts voted from receipts reserved for appropriation to fund the operating budget and amounts between various non-major funds.
- (3) Transfers represent the reimbursement of indirect costs form the Water and Sewer enterprise funds.
- (4) Transfers represent amounts related to a payment in lieu of taxes.



**NOTE 7 – SHORT-TERM FINANCING**

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

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

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

Short-term debt outstanding as of June 30, 2015 was as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2014	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2015
BAN	Light - Bond Anticipation Note.....	1.25%	05/25/14	\$ 14,000,000	\$ -	\$ 14,000,000	\$ -
BAN	Sewer - MCWT Interim Loan.....	0.11%	12/31/14	1,911,539	-	1,911,539	-
Total short-term debt.....				\$ 15,911,539	\$ -	\$ 15,911,539	\$ -

**NOTE 8 - LONG-TERM DEBT**

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

In order to take advantage of favorable interest rates, the Town issued \$2,590,000 of General Obligation Refunding Bonds on May 7, 2015. \$2,575,000 of general obligation bonds were advance refunded by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$258,139 and resulted in an economic gain of \$227,303. At June 30, 2015, \$1,360,000 of governmental bonds and \$1,215,000 of sewer enterprise bonds were outstanding from the advance refunding and are considered defeased.

Details related to the outstanding indebtedness at June 30, 2015, and the debt service requirements follow.

**Bonds Payable Schedule – Governmental Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
Septic Loan 97-2002.....	2020	\$ 60,160	0.00	\$ 18,862	\$ -	\$ 3,192	\$ 15,670
Fire Station Construction.....	2026	2,030,000	3.00-5.00	1,200,000	-	1,100,000	100,000
Land Acquisition.....	2025	780,000	4.00-6.00	440,000	-	400,000	40,000
Senior Center.....	2026	3,310,000	5.00	2,335,000	-	195,000	2,140,000
2010 Debt Refunding.....	2015	5,455,000	2.70	1,100,000	-	1,100,000	-
Wellington Elementary School.....	2035	26,700,000	2.00-3.00	23,835,000	-	760,000	23,075,000
2012 Debt Refunding.....	2024	9,956,000	3.00-5.00	9,405,000	-	1,005,000	8,400,000
School Department Vehicle.....	2020	30,000	3.00-4.00	30,000	-	5,000	25,000
Ladder Truck.....	2024	890,000	3.00-5.00	890,000	-	90,000	800,000
Fire Engine.....	2024	500,000	3.00-5.00	500,000	-	50,000	450,000
Harris Field Repairs.....	2024	960,000	3.00-5.00	960,000	-	100,000	860,000
Fire Station.....	2018	115,398	3.00	-	115,398	-	115,398
Town Center.....	2025	1,450,000	3.00	-	1,450,000	-	1,450,000
Underwood Pool.....	2030	2,790,000	2.00-3.00	-	2,790,000	-	2,790,000
2015 Debt Refunding.....	2026	1,330,050	2.00-3.00	-	1,330,050	-	1,330,050
Total Bonds Payable.....				40,713,862	5,685,448	4,808,192	41,591,118
Add: unamortized premium.....				1,919,392	-	129,647	1,789,745
Total.....				\$ 42,633,254	\$ 5,685,448	\$ 4,937,839	\$ 43,380,863

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

Year	Principal	Interest	Total
2016.....	\$ 2,778,682	\$ 1,627,084	\$ 4,405,766
2017.....	2,753,134	1,480,080	4,233,214
2018.....	2,773,134	1,369,396	4,142,530
2019.....	2,768,134	1,266,654	4,034,788
2020.....	2,793,134	1,166,631	3,959,765
2021.....	2,805,000	1,056,261	3,861,261
2022.....	2,845,000	949,110	3,794,110
2023.....	2,875,000	840,498	3,715,498
2024.....	2,390,000	733,323	3,123,323
2025.....	1,720,000	646,773	2,366,773
2026.....	1,614,900	581,173	2,196,073
2027.....	1,375,000	527,900	1,902,900
2028.....	1,425,000	475,676	1,900,676
2029.....	1,475,000	421,450	1,896,450
2030.....	1,530,000	365,226	1,895,226
2031.....	1,400,000	306,800	1,706,800
2032.....	1,465,000	250,800	1,715,800
2033.....	1,530,000	192,200	1,722,200
2034.....	1,600,000	131,000	1,731,000
2035.....	1,675,000	67,000	1,742,000
Total.....	\$ 41,591,118	\$ 14,455,035	\$ 56,046,153

**Bonds Payable Schedule – Enterprise Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
MWRA Water.....	2018	714,000	0.00	\$ 285,600	\$ -	\$ 71,400	\$ 214,200
MWRA Water.....	2019	872,000	0.00	436,000	-	87,200	348,800
MWRA Water.....	2021	1,977,570	0.00	1,285,424	-	197,758	1,087,666
MWRA Water.....	2022	1,000,000	0.00	800,000	-	100,000	700,000
MWRA Water.....	2023	500,000	0.00	450,000	-	50,000	400,000
MWRA Water.....	2024	500,000	0.00	500,000	-	50,000	450,000
General Obligation Bonds of 2014...	2034	482,000	2.75-4.00	482,000	-	27,000	455,000
General Obligation Bonds of 2015...	2035	269,602	2.00-3.25	-	269,602	-	269,602
MWRA Water.....	2025	500,000	0.00	-	500,000	-	500,000
<b>Total Water.....</b>				<b>4,239,024</b>	<b>769,602</b>	<b>583,358</b>	<b>4,425,268</b>
Sewer & Surface Drains.....	2027	2,479,000	4.10-5.00	1,590,000	-	1,340,000	250,000
MCWT Sewer.....	2031	7,226,667	2.00	6,318,072	-	315,183	6,002,889
MCWT Sewer.....	2017	559,406	0.00	335,644	-	111,881	223,763
MCWT Sewer.....	2033	1,579,600	2.00	1,515,704	-	65,285	1,450,419
2015 Debt Refunding.....	2027	1,299,950	2.00-3.00	-	1,259,950	-	1,259,950
MCWT Sewer.....	2035	2,300,000	2.00	-	2,300,000	-	2,300,000
<b>Total Sewer.....</b>				<b>9,759,420</b>	<b>3,559,950</b>	<b>1,832,349</b>	<b>11,487,021</b>
Light Plant Construction.....	2032	14,000,000	2.75-5.00	-	14,000,000	-	14,000,000
Light Plant Construction.....	2034	12,100,000	2.75-5.00	-	12,100,000	-	12,100,000
<b>Total Light.....</b>				<b>-</b>	<b>26,100,000</b>	<b>-</b>	<b>26,100,000</b>
Add: unamortized premium.....				-	1,808,265	-	1,808,265
<b>Total Light.....</b>				<b>-</b>	<b>27,908,265</b>	<b>-</b>	<b>27,908,265</b>
<b>Total Enterprise.....</b>				<b>\$ 13,998,444</b>	<b>\$ 32,237,817</b>	<b>\$ 2,415,707</b>	<b>\$ 43,820,554</b>

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

*Water Enterprise*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016.....	\$ 650,958	\$ 23,923	\$ 674,881
2017.....	646,358	23,464	669,822
2018.....	646,356	22,264	668,620
2019.....	574,958	20,814	595,772
2020.....	487,759	19,364	507,123
2021.....	388,879	17,914	406,793
2022.....	290,000	16,464	306,464
2023.....	190,000	15,014	205,014
2024.....	140,000	13,564	153,564
2025.....	90,000	11,864	101,864
2026.....	40,000	10,664	50,664
2027.....	40,000	9,676	49,676
2028.....	40,000	8,300	48,300
2029.....	35,000	7,176	42,176
2030.....	35,000	5,926	40,926
2031.....	30,000	4,676	34,676
2032.....	30,000	3,550	33,550
2033.....	30,000	2,576	32,576
2034.....	30,000	1,450	31,450
2035.....	10,000	326	10,326
Total.....	\$ <u>4,425,268</u>	\$ <u>238,969</u>	\$ <u>4,664,237</u>

*Sewer Enterprise*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016.....	\$ 733,173	\$ 286,729	\$ 1,019,902
2017.....	737,992	274,527	1,012,519
2018.....	636,434	206,999	843,433
2019.....	641,819	192,839	834,658
2020.....	652,421	178,618	831,039
2021.....	663,242	164,185	827,427
2022.....	674,286	149,441	823,727
2023.....	680,560	120,215	800,775
2024.....	692,067	119,703	811,770
2025.....	698,815	104,518	803,333
2026.....	705,904	89,246	795,150
2027.....	698,044	75,030	773,074
2028.....	615,535	60,493	676,028
2029.....	628,288	48,082	676,370
2030.....	641,303	35,412	676,715
2031.....	654,591	22,482	677,073
2032.....	225,331	13,709	239,040
2033.....	230,229	9,183	239,412
2034.....	137,005	5,540	142,545
2035.....	139,982	2,800	142,782
Total.....	\$ <u>11,487,021</u>	\$ <u>2,159,751</u>	\$ <u>13,646,772</u>

*Light Enterprise*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016.....	\$ 990,000	\$ 950,905	\$ 1,940,905
2017.....	1,005,000	922,376	1,927,376
2018.....	1,045,000	887,176	1,932,176
2019.....	1,080,000	849,026	1,929,026
2020.....	1,120,000	805,026	1,925,026
2021.....	1,170,000	759,026	1,929,026
2022.....	1,215,000	711,226	1,926,226
2023.....	1,260,000	661,626	1,921,626
2024.....	1,310,000	610,026	1,920,026
2025.....	1,365,000	548,626	1,913,626
2026.....	1,430,000	494,776	1,924,776
2027.....	1,475,000	453,258	1,928,258
2028.....	1,520,000	401,112	1,921,112
2029.....	1,580,000	347,962	1,927,962
2030.....	1,625,000	290,512	1,915,512
2031.....	1,685,000	224,112	1,909,112
2032.....	1,755,000	155,112	1,910,112
2033.....	1,825,000	91,150	1,916,150
2034.....	805,000	65,800	870,800
2034.....	840,000	33,600	873,600
Total.....	\$ <u>26,100,000</u>	\$ <u>10,262,433</u>	\$ <u>36,362,433</u>

The Commonwealth has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for future debt service of general obligation school bonds outstanding. During 2015, approximately \$383,000 of such assistance was received. Of this amount, \$52,000 represents reimbursement of long-term interest costs, and \$331,000 represents reimbursement of approved construction costs. No further amounts are due from the Massachusetts School Building Authority.

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, 2015, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Wellington school.....	\$ 2,638,586
Water.....	3,875,398
Underwood pool facility.....	112,000
Municipal light plant construction.....	1,200,000
Communication equipment.....	1,086,350
Fire alarm system.....	1,055,000
Total.....	\$ <u>9,967,334</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Current Portion
<b>Governmental Activities:</b>					
Long-Term Bonds.....	\$ 40,713,862	\$ 5,685,448	\$ (4,808,192)	\$ 41,591,118	\$ 2,778,682
Add: unamortized premium.....	1,919,392	-	(129,647)	1,789,745	129,647
Total Bonds Payable.....	42,633,254	5,685,448	(4,937,839)	43,380,863	2,908,329
Other Postemployment Benefits.....	66,406,275	14,752,883	(4,468,371)	76,690,787	-
Landfill Closure.....	3,147,000	5,025,000	(824,000)	7,348,000	52,000
Compensated Absences.....	1,395,962	135,357	(69,798)	1,461,521	73,076
Net Pension Liability.....	57,997,474	-	(164,109)	57,833,365	-
Capital Leases.....	701,031	-	(297,078)	403,953	306,552
Total governmental activity long-term liabilities.....	<u>\$ 172,280,996</u>	<u>\$ 25,598,688</u>	<u>\$ (10,761,195)</u>	<u>\$ 187,118,489</u>	<u>\$ 3,339,957</u>
<b>Business-Type Activities:</b>					
Long-Term Bonds.....	\$ 13,998,444	\$ 32,237,817	\$ (2,415,707)	\$ 43,820,554	\$ 2,374,131
Other Postemployment Benefits.....	5,239,493	1,291,883	(592,144)	5,939,232	-
Compensated Absences.....	323,672	-	(19,237)	304,435	15,221
Net Pension Liability.....	3,176,026	-	(8,990)	3,167,036	-
Total business type activity long-term liabilities.....	<u>\$ 22,737,635</u>	<u>\$ 33,529,700</u>	<u>\$ (3,036,078)</u>	<u>\$ 53,231,257</u>	<u>\$ 2,389,352</u>

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

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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

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

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

At year end, the balance of the General Stabilization Fund is \$7,426 and is reported as unassigned fund balance within the general fund; the balance of the Ash Landfill Stabilization Fund is \$3,421,829 and the balance of the Special Education Stabilization Fund is \$3,236, both of these are reported as committed fund balance within the general fund.

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

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

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

	GOVERNMENTAL FUNDS				
	General	Wellington School Construction	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 2,981,430	\$ 2,981,430
Restricted for:					
Community Preservation Fund.....	-	-	1,830,184	-	1,830,184
Nonmajor governmental funds.....	-	-	-	15,490,292	15,490,292
Committed to:					
Ash Landfill Stabilization Fund.....	3,421,829	-	-	-	3,421,829
Special Education Stabilization Fund.....	3,236	-	-	-	3,236
Assigned to:					
General government.....	702,364	-	-	-	702,364
Public safety.....	89,238	-	-	-	89,238
Education.....	189,643	-	-	-	189,643
Public works.....	127,425	-	-	-	127,425
Culture and recreation.....	91,102	-	-	-	91,102
Free cash used for 2016 appropriations.....	1,750,000	-	-	-	1,750,000
Release of overlay for 2016 budget.....	235,000	-	-	-	235,000
Free cash used to offset 2016 property tax debt exclusion.....	133,485	-	-	-	133,485
Free cash used to offset future property tax debt exclusion principal and interest.....	239,643	-	-	-	239,643
Free cash used for the 2016 OPEB contribution.....	334,831	-	-	-	334,831
Unassigned to:					
Kendall School Fire.....	3,042,955	-	-	-	3,042,955
Other unassigned.....	9,646,562	(129,459)	-	-	9,517,103
<b>TOTAL FUND BALANCES.....</b>	<b>\$ 20,007,313</b>	<b>\$ (129,459)</b>	<b>\$ 1,830,184</b>	<b>\$ 18,471,722</b>	<b>\$ 40,179,760</b>

**NOTE 10 – LANDFILL CLOSURE**

State and federal laws and regulations require the Town to close its old landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town operated a solid waste landfill that ceased operations in 1973. The Town has reflected \$7.3 million as the estimate of the landfill closure liability at June 30, 2015. This amount is based on estimates of what it would cost to perform all future closure and post closure care in year 2015.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Town meeting has voted a special purpose stabilization fund for this liability, which had a balance of \$3.4 million at year end.

**NOTE 11 – RISK FINANCING**

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

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

*Health Insurance*

The Town estimates Incurred But Not Reported (IBNR) claims based on an approximate two month claims paid average. The Town purchases individual stop loss insurance for claims in excess of the \$100,000 coverage provided by the Town. At June 30, 2015, the amount of the liability for health insurance claims totaled \$1,650,000.

Changes in the reported liability since July 1, 2013, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2015..... \$	1,650,000	\$ 12,427,770	\$ (12,427,770)	\$ 1,650,000
2014.....	1,800,000	12,034,394	(12,184,394)	1,650,000

*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, 2015, and is therefore not reported.

*General Liability*

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



**NOTE 12 - PENSION PLAN***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 System 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, 2014. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$4,449,603 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 \$64,046,291 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, 2014, the BCRS membership consists of the following:

	<u>2014</u>
Active members.....	458
Inactive members.....	164
Disabled members.....	45
Retirees and beneficiaries currently receiving benefits.....	<u>301</u>
Total.....	<u><u>968</u></u>

*Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarial determined contribution that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The total member units' contribution for the year ended December 31, 2014 was \$7,364,523, 29.29% 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 \$6,568,671 which equaled its actual contribution.

*Pension Liabilities*

The components of the net pension liability of the participating member units at June 30, 2015 were as follows:

Total pension liability.....	\$ 156,113,431
The pension plan's fiduciary net position.....	<u>(87,722,297)</u>
The net pension liability.....	<u>\$ 68,391,134</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	56.19%

At June 30, 2015, the Town reported a liability of \$61.0 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2014, the Town's proportion was 89.19%, which changed from its proportion measured at December 31, 2013, at 89.17%.

*Pension Expense*

For the year ended June 30, 2015, the Town recognized pension expense of \$5,768,500. At June 30, 2015, the Town reported deferred outflows of resources related to pensions of \$608,554, from the net difference between projected and actual investment earnings on pension plan investments and \$14,814 from changes in proportion

and differences between employer contributions and proportionate share of contributions. Since the System performs an actuarial valuation bi-annually, there are no reported differences between expected and actual experience as of December 31, 2014.

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

Year ended June 30:

2016.....	\$	170,572
2017.....		170,572
2018.....		170,572
2019.....		<u>170,570</u>
Total.....	\$	<u><u>682,286</u></u>

*Actuarial Assumptions* - The total pension liability in the January 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2014:

- Valuation date..... January 1, 2014
- Actuarial cost method..... Entry Age Normal Cost Method.
- Amortization method..... Level payments on the 2002 ERI liability, payments increasing 4.5% per year for the 2003 ERI liability, and remaining liability amortized so that total payment increases 6.97% annually.
- Remaining amortization period..... As of July 1, 2014, 4 years for the 2002 ERI liability, 11 years for the 2003 ERI liability and 13 years for the remaining unfunded liability.
- Asset valuation method..... Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected return on a market value basis, and is recognized over a five-year period at 20% per year, further adjusted, if necessary, to be within 20% of the market value.
- Inflation rate..... 4.00%
- Projected salary increases..... Varies by length of service with ultimate rates of 3.75% for Groups 1 and 2, and 4.25% for Group 4.
- Cost of living adjustments..... 3.0% of the first \$12,000 of retirement income.
- Rates of retirement..... Varies based upon age for general employees, police and fire employees.

Rates of disability..... For general, police and fire employees, it was assumed that 10% of all disabilities are ordinary (90% are service connected).

Mortality Rates:

Pre-Retirement..... The RP-2000 Employee Mortality Table projected 27 years with a Scale AA.

Healthy Retiree..... The RP-2000 Healthy Annuitant Mortality Table projected 19 years with a Scale AA.

Disabled Retiree..... The RP-2000 Healthy Annuitant Mortality Table set forward 3 years projected 19 years with Scale AA (Previously, set forward 2 years and no projection).

Investment rate of return/Discount rate..... 7.75%

*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, 2014, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Domestic equity.....	6.60%	28.00%
International developed markets equity.....	7.10%	12.00%
Core fixed income.....	2.20%	20.00%
High-yield fixed income.....	4.70%	11.00%
Real estate.....	4.40%	12.00%
Hedge fund, GTAA, Risk parity.....	3.90%	17.00%
Cash.....	1.80%	0.00%
Total.....		<u>100.00%</u>

*Rate of return*

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.69%. 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 7.75%. 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 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount (7.75%)</u>	<u>1% Increase (8.75%)</u>
The Town's proportionate share of the net pension liability.....	\$ <u>82,726,893</u>	\$ <u>67,070,092</u>	\$ <u>53,675,443</u>
BCRS total net pension liability.....	\$ <u>84,356,318</u>	\$ <u>68,391,134</u>	\$ <u>54,732,658</u>

The Town’s proportionate share of the net pension liability of \$67.1 million presented above includes \$6.1 million for the Belmont Municipal Light Plant that will not be recorded until their calendar year-end of December 31, 2015.

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* – The Town of Belmont 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. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy* – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. Retired plan members and beneficiaries currently receiving benefits are required to contribute 20% of the costs of benefits for the HMO and 50% of cost of benefits for the PPO plans if they are not participating in the Medicare Plan. Medicare eligible retirees and their spouses contribute 50% of the cost of the Medicare Enhance Supplement plan and the First Seniority. For year 2015, the Town contributed \$4.9 million to the plan.

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

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

Annual required contribution.....	\$ 17,026,532
Interest on net OPEB obligation.....	3,224,060
Adjustment to annual required contribution.....	<u>(4,398,144)</u>
Annual OPEB cost (expense).....	15,852,448
Contributions made.....	<u>(4,868,197)</u>
Increase in net OPEB obligation.....	10,984,251
Net OPEB obligation - beginning of year.....	<u>71,645,768</u>
Net OPEB obligation - end of year.....	<u>\$ 82,630,019</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year 2015 was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 15,852,448	31%	\$ 82,630,019
6/30/2014	19,360,077	28%	71,645,768
6/30/2013	18,237,509	25%	57,631,510

*Funded Status and Funding Progress* – As of July 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$172.7 million, of which was the Town has funded approximately \$1.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$49.6 million, and the ratio of the UAAL to the covered payroll was 345.1%.

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

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

In the July 1, 2014, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 4.5% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 10% initially, graded to 5% over 5 years. The UAAL is being amortized using level dollar open method over the maximum acceptable period of 30 years. The remaining amortization period at June 30, 2015 is 30 years.

**NOTE 14 - COMMITMENTS**

The Town has entered into, or is planning to enter into contracts totaling approximately \$10.0 million related to water and sewer infrastructure upgrades, for education and public safety vehicles, construction of a fire station, construction of a new municipal light plant, and for construction of the new Wellington School.

**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 Single Audit Act Amendments of 1996 through June 30, 2015, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2015.

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 22, 2016, which is the date the financial statements were available to be issued.

**NOTE 17 – REVISION OF NET POSITION**

Beginning net position of governmental activities, business-type activities, and each applicable enterprise fund has been revised to reflect the implementation of GASB Statements #68 and #71. The revised balances are summarized in the following table:

Description	6/30/2014 Previously Reported Balances	Implementation of GASBS 68 & 71	6/30/2014 Revised Balances
<b>Government-Wide Financial Statements</b>			
Governmental activities.....	\$ 71,118,796	\$ (57,997,474)	\$ 13,121,322
Business-type activities.....	<u>42,644,349</u>	<u>(3,176,026)</u>	<u>39,468,323</u>
Total.....	<u>\$ 113,763,145</u>	<u>\$ (61,173,500)</u>	<u>\$ 52,589,645</u>
<b>Proprietary Fund Financial Statements</b>			
Water enterprise.....	\$ 12,277,860	\$ (1,988,701)	\$ 10,289,159
Sewer enterprise.....	15,247,040	(1,187,325)	14,059,715
Light enterprise.....	<u>15,119,449</u>	<u>-</u>	<u>15,119,449</u>
Total.....	<u>\$ 42,644,349</u>	<u>\$ (3,176,026)</u>	<u>\$ 39,468,323</u>

**NOTE 18 – FUTURE IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2015, the following GASB pronouncements were implemented:

- GASB Statement #67, *Financial Reporting for Pension Plans*; GASB Statement #68, *Accounting and Financial Reporting for Pensions*; and GASB Statement #71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Financial statement changes include the recognition of a net pension liability, pension expense and deferred outflows/inflows of resources depending on the nature of the change each year. The financial statements also recognized a restatement of the beginning net position to reflect the net pension liability at the beginning of the year. The notes to the basic financial statements and the required supplementary information were expanded to include additional required schedules and disclosures.
- GASB Statement #69, *Governmental Combinations and Disposals of Government Operations*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #72, *Fair Value Measurement and Application*, which is required to be implemented in 2016.
- The GASB issued Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions of this Statement are effective for 2016—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which is required to be implemented in 2017.
- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented in 2016.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.

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



# ***Required Supplementary Information***

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		
	Amounts Carried forward From Prior Year	Original Budget	Final Budget
<b>REVENUES:</b>			
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 75,654,601	\$ 75,654,601
Tax liens.....	-	-	-
Motor vehicle and other excise taxes.....	-	2,792,760	2,792,760
Charges for services.....	-	2,165,796	2,172,396
Penalties and interest on taxes.....	-	200,000	200,000
Licenses and permits.....	-	800,390	793,790
Fines and forfeitures.....	-	185,000	185,000
Intergovernmental.....	-	9,098,426	9,098,426
Investment income.....	-	120,000	120,000
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>91,016,973</b>	<b>91,016,973</b>
<b>EXPENDITURES:</b>			
Current:			
General government.....	233,714	4,422,288	4,166,811
Public safety.....	49,445	12,875,167	12,893,520
Education.....	146,209	47,053,259	47,588,259
Public works.....	180,187	9,075,221	9,132,424
Human services.....	470	874,429	882,954
Culture and recreation.....	-	2,916,970	2,931,370
Pension benefits.....	-	6,023,545	6,023,545
Employee benefits.....	180,262	2,500,011	2,613,844
State and county charges.....	-	1,721,435	1,725,608
Debt service:			
Principal.....	-	3,432,191	3,448,191
Interest.....	-	1,656,196	1,640,196
<b>TOTAL EXPENDITURES.....</b>	<b>790,287</b>	<b>92,550,712</b>	<b>93,046,722</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURE.....</b>	<b>(790,287)</b>	<b>(1,533,739)</b>	<b>(2,029,749)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Premium from issuance of bonds.....	-	-	-
Transfers in.....	-	1,311,125	1,561,125
Transfers out.....	-	(2,678,500)	(3,978,500)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(1,367,375)</b>	<b>(2,417,375)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(790,287)</b>	<b>(2,901,114)</b>	<b>(4,447,124)</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>13,220,810</b>	<b>13,220,810</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (790,287)</b>	<b>\$ 10,319,696</b>	<b>\$ 8,773,686</b>

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
\$	76,061,221	\$ -	\$ 406,620
	336,922	-	336,922
	3,467,149	-	674,389
	2,260,829	-	88,433
	427,131	-	227,131
	1,940,336	-	1,146,546
	236,553	-	51,553
	9,106,802	-	8,376
	264,543	-	144,543
	<u>94,101,486</u>	<u>-</u>	<u>3,084,513</u>
	3,734,959	155,873	275,979
	12,317,373	89,238	486,909
	47,373,217	189,643	25,399
	9,475,354	127,425	(470,355)
	839,470	-	43,484
	2,756,495	91,102	83,773
	6,023,545	-	-
	1,933,248	546,491	134,105
	1,713,081	-	12,527
	3,448,191	-	-
	<u>1,600,918</u>	<u>-</u>	<u>39,278</u>
	<u>91,215,851</u>	<u>1,199,772</u>	<u>631,099</u>
	<u>2,885,635</u>	<u>(1,199,772)</u>	<u>3,715,612</u>
	225,108	-	225,108
	1,561,125	-	-
	<u>(3,978,500)</u>	<u>-</u>	<u>-</u>
	<u>(2,192,267)</u>	<u>-</u>	<u>225,108</u>
	693,368	(1,199,772)	3,940,720
	<u>13,220,810</u>	<u>-</u>	<u>-</u>
\$	<u><u>13,914,178</u></u>	<u><u>(1,199,772)</u></u>	<u><u>3,940,720</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**

	2014
<b>Total pension liability:</b>	
Service cost.....	\$ 3,290,948
Interest.....	11,576,179
Changes in benefit terms.....	-
Differences between expected and actual experience.....	-
Changes in assumptions.....	-
Benefit payments, including refunds of employee contributions.....	<u>(9,665,616)</u>
Net change in total pension liability.....	5,201,511
Total pension liability, beginning.....	<u>150,911,920</u>
Total pension liability, ending <b>(a)</b> .....	<u><u>\$ 156,113,431</u></u>
<b>Plan fiduciary net position:</b>	
Member contributions.....	\$ 7,364,523
Employer contributions.....	2,378,296
Net investment income (loss).....	5,521,768
Retirement benefits and refunds.....	(9,665,616)
Administrative expenses.....	<u>(182,627)</u>
Net increase (decrease) in fiduciary net position.....	5,416,344
Fiduciary net position at beginning of year.....	<u>82,305,953</u>
Fiduciary net position at end of year <b>(b)</b> .....	<u><u>\$ 87,722,297</u></u>
<b>Net pension liability - ending (a) - (b)</b> .....	<u><u>\$ 68,391,134</u></u>
Plan fiduciary net position as a percentage of the total pension liability.....	56.19%
Covered-employee payroll.....	\$ 25,142,886
Net pension liability as a percentage of covered-employee payroll.....	272.01%

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**

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	2014
Actuarially determined contribution.....	\$ 7,364,523
Contributions in relation to the actuarially determined contribution.....	7,364,523
Contribution deficiency (excess).....	\$ -
 Covered-employee payroll.....	\$ 25,142,886
 Contributions as a percentage of covered- employee payroll.....	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 RETURN**  
**BELMONT CONTRIBUTORY RETIREMENT SYSTEM**

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2014

Annual money-weighted rate of return, net of investment expense.....	6.69%
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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.

The annual money-weighted rate of return has been calculated by  
PERAC.

See notes to required supplementary information.

# ***Pension Plan Schedules - Town***

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 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**

	December 31, 2014
Town's proportion of the net pension liability (asset).....	98.07%
Town's proportionate share of the net pension liability (asset)..... \$	67,070,092
Town's covered employee payroll..... \$	24,786,176
Town's net pension liability as a percentage of Town covered-employee payroll.....	270.59%
Plan fiduciary net position as a percentage of the total pension liability.....	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 TOWN'S CONTRIBUTIONS**  
**BELMONT CONTRIBUTORY RETIREMENT SYSTEM**

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	2014
Actuarially determined contribution.....	\$ 7,222,270
Contributions in relation to the actuarially determined contribution.....	7,222,270
Contribution deficiency (excess).....	\$ -
Town covered-employee payroll.....	\$ 24,786,176
Contributions as a percentage of covered- employee payroll.....	29.14%

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**

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

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
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***

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

The Schedule of Employer Contributions presents, over time, the ratio of the actual annual employer contributions to the annual required contribution.

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

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2014	\$ 1,720,389	\$ 172,745,213	\$ 171,024,824	1.00%	\$ 49,551,000	345.1%
7/1/2012	1,316,700	195,943,349	194,626,649	0.67%	44,045,000	441.9%
7/1/2010	1,009,894	184,907,102	183,897,208	0.55%	39,766,311	462.4%
7/1/2008	501,409	166,550,323	166,048,914	0.30%	33,252,323	499.4%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2015	\$ 17,026,532	\$ 4,868,197	29%
2014	20,304,505	5,345,819	26%
2013	19,375,232	4,581,828	24%
2012	18,970,005	7,905,784	42%
2011	18,153,513	7,387,738	41%

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

YEAR ENDED JUNE 30, 2015

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Actuarial Methods:

Valuation date	July 1, 2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar, Open
Remaining amortization period	30 Years as of June 30, 2015
Asset valuation method	Market

Actuarial Assumptions:

Investment rate of return	4.5%
Medical/drug cost trend rate	10% graded to 5% over 5 years

Plan Membership:

Current retirees, beneficiaries, and dependents	691
Current active members	<u>801</u>
Total	<u><u>1,492</u></u>

See notes to required supplementary information.

**NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

A. Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original year 2015 approved budget authorized approximately \$95.2 million in appropriations and other amounts to be raised. Town meeting authorized an additional \$1.8 million increase in appropriations.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2015, is presented below:

Excess (deficiency) of revenues and other financing sources (uses) over expenditures - budgetary basis.....	\$ 693,368
<u>Perspective difference:</u>	
Activity of the Stabilization Funds recorded in the General Fund for GAAP.....	(220,307)
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(71,000)
Net change in recording 60-day receipts accrual.....	85,615
Recognition of revenue for on-behalf payments.....	(4,449,603)
Recognition of expenditures for on-behalf payments.....	<u>4,449,603</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures - GAAP basis.....	<u>\$ 487,676</u>

### C. Appropriation Deficit

During 2015, expenditures exceeded budgeted appropriations for snow & ice removal (a legal deficit). This deficit will be funded in future years through tax levy.

## **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.

Since the retirement system performs an actuarial valuation bi-annually, there are no reported amounts for the changes in benefit terms and differences between expected and actual experience as of December 31, 2014.

#### B. Schedule of Contributions

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

#### C. Schedule of Investment Return

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

### ***Pension Plan Schedules - Town***

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

The Schedule of the Town'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. Schedule of Town'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 based on covered payroll.

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

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

#### D. Changes in Assumptions:

The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward two years to the RP-2000 Healthy Annuitant Mortality Table set forward three years projected 19 years with Scale AA.

The liability for vested members in inactive status was changed from the employee's annuity savings fund to the greater of the employee's annuity savings fund or the present value of a deferred annuity.

The percentage of accidental disability retirees that are assumed to die from the same cause of the disability was changed from 0% for all participants to 20% for Groups 1 and 2 and 60% for Group 4.

The percentage of disabilities assumed to be accidental was changed from 60% to 90% for Groups 1 and 2.

The percentage of deaths assumed to be accidental was changed from 20% for all participants to 55% for Groups 1 and 2 and 90% for Group 4.

The administrative expense assumption was increased from \$100,000 for 2012, increasing 3% annually, to \$175,000 for 2014, increasing 4% annually.

The assumed net 3(8)(c) disbursements were increased from \$75,000 to \$200,000, increasing 4% annually.

#### E. Changes in Plan Provisions:

Members hired on or after April 2, 2012, are covered by the provisions of Chapter 32 as amended by Chapter 176 of the Acts of 2011 and Chapter 139 of the Acts of 2012.

### **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 Town currently finances its other postemployment benefits (OPEB) on a pay-as-you-go basis, but has established an Other Postemployment Benefit Trust fund to accumulate assets to help mitigate the costs of these benefits. As of the most recent actuarial report dated July 1, 2014, the Town had contributed approximately \$1.7

million to the fund. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 1.0%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

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

The Schedule of Employer Contributions presents, over time, the ratio of the actual annual employer contributions to the annual required contribution.

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



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(Date of Delivery)

Floyd Carman, Treasurer  
Town of Belmont  
Belmont, Massachusetts

\$1,886,000  
Town of Belmont, Massachusetts  
General Obligation Municipal Purpose Loan of 2016 Bonds  
Dated May 6, 2016

We have acted as bond counsel to the Town of Belmont, Massachusetts (the “Town”) in connection with the issuance by the Town of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Except

as expressed in paragraph 4 below, we express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

4. The Bonds are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

/s/ LOCKE LORD LLP

**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Belmont, Massachusetts (the “Issuer”) in connection with the issuance of its \$1,886,000 General Obligation Municipal Purpose Loan of 2016 Bonds dated May 6, 2016 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated April 26, 2016 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.\*
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as

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\* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.



SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: May 6, 2016

TOWN OF BELMONT,  
MASSACHUSETTS

By \_\_\_\_\_  
Treasurer

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Selectmen

[EXHIBIT A: Filing Information for the MSRB]  
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

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**PROPOSAL FOR BONDS**

Mr. Floyd Carman, Treasurer  
 Town of Belmont, Massachusetts  
 c/o FirstSouthwest, a Division of Hilltop Securities Inc.  
 54 Canal Street, 3rd Floor  
 Boston, Massachusetts 02114

April 26, 2016

Dear Mr. Carman:

For \$1,886,000 Town of Belmont, Massachusetts, General Obligation Municipal Purpose Loan of 2016 Bonds, as further described in your Notice of Sale dated April 13, 2016, which Notice is hereby made a part of this proposal, we bid.....and accrued interest to date of delivery for each \$100 par value of bonds, bearing interest at the rate or rates per annum as follows:

Due May 1	Rate
2017	_____ %
2018	_____
2019	_____
2020	_____
2021	_____
2022	_____
2023	_____
2024	_____
2025	_____
2026	_____

The undersigned hereby acknowledges receipt of the Preliminary Official Statement referred to in the aforementioned Notice of Sale.

\_\_\_\_\_  
 \_\_\_\_\_  
 Syndicate Manager  
 \_\_\_\_\_  
 Syndicate Manager Address  
 Telephone: \_\_\_\_\_  
 Fax: \_\_\_\_\_

The following is our computation of the net interest cost and percent true interest cost calculated in accordance with the Notice of Sale, is for informational purposes only, and is subject to verification prior to award.

Gross Interest Cost	\$ _____	
Underwriters Premium	\$ _____	<b>Bids should include a premium of at least \$40,000.</b>
Net Interest Cost	_____	
Percent True Interest Cost	_____ %	
	(four decimals)	

FirstSouthwest, a Division of Hilltop Securities, Inc., would be pleased to assist you in entering your bid on these Bonds if you will mail or fax your signed bid form in advance and telephone figures about one-half hour before the time of sale. The Town and FirstSouthwest, a Division of Hilltop Securities Inc. are not responsible for errors in bids submitted in this manner.

**TELEPHONE (617) 619-4400  
 FAX (617) 619-4411  
 FIRSTSOUTHWEST, A DIVISION OF HILLTOP SECURITIES INC.**