

TOWN OF CARLISLE, MASSACHUSETTS
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

**TOWN OF CARLISLE, MASSACHUSETTS
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020**

| | |
|--|-----------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3 |
| BASIC FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION | 10 |
| STATEMENT OF ACTIVITIES | 12 |
| GOVERNMENTAL FUNDS – BALANCE SHEET | 13 |
| GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES | 15 |
| RECONCILIATION OF THE GOVERNMENTAL FUNDS – BALANCE SHEET TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION | 17 |
| RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES | 18 |
| STATEMENT OF FIDUCIARY NET POSITION | 19 |
| STATEMENT OF CHANGES IN FIDUCIARY NET POSITION | 20 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 21 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 53 |
| COMMUNITY PRESERVATION FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 55 |
| PENSION PLAN SCHEDULES | |
| SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | 57 |
| SCHEDULE OF TOWN CONTRIBUTIONS | 57 |
| SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM | 58 |
| SCHEDULE OF THE TOWN'S CONTRIBUTIONS – MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM | 58 |
| OTHER POSTEMPLOYMENT BENEFITS SCHEDULES | |
| SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY | 59 |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION | 60 |



INDEPENDENT AUDITORS' REPORT

Honorable Select Board
Town of Carlisle, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Carlisle, Massachusetts, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Carlisle, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Carlisle, Massachusetts, as of June 30, 2020, and the respective changes in financial position 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, general fund and community preservation fund budgetary comparison and certain pension and other postemployment benefits information 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2021 on our consideration of the Town of Carlisle, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Carlisle's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Carlisle, Massachusetts' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
May 4, 2021

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

As management of the Town of Carlisle, Massachusetts (the Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,232,366 (net position).
- The Town's total net position decreased by \$1,013,059.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$4,798,709, or 13.9%, of total general fund revenues and other financing sources of \$34,522,772.
- The Town's total bonded debt outstanding was \$14,230,843 at June 30, 2020, an increase of \$2,729,450 during the fiscal year. Long-term debt in the amount of \$3,441,500 was accrued in fiscal year 2020.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements present functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, and debt service interest.

The government-wide financial statements can be found on pages 10-12 of this report.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Fiduciary funds

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains 17 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, community preservation (special revenue), communications project (capital projects), and fire truck (capital projects) funds, each of which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental funds financial statements can be found on pages 13-18 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs. The accounting used for fiduciary funds is similar to that used for the government-wide financial statements.

The fiduciary funds provide separate information for private-purpose trust funds and agency funds, and are combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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. The notes to the financial statements are on pages 21-52.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and community preservation fund and certain pension and other postemployment benefits information, which can be found on pages 53-60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables present current and prior year data on the government-wide financial statements.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,232,366 at the close of the fiscal year and are summarized as follows:

| | 2020 | 2019 |
|--|---------------|---------------|
| Assets: | | |
| Current Assets | \$ 16,421,802 | \$ 14,435,881 |
| Noncurrent Assets (Excluding Capital Assets) | 103,358 | 119,755 |
| Capital Assets (Net) | 43,697,973 | 43,576,627 |
| Total Assets | 60,223,133 | 58,132,263 |
| Deferred Outflows of Resources | 6,743,002 | 3,897,674 |
| Liabilities: | | |
| Current Liabilities (Excluding Debt) | 2,410,689 | 1,766,657 |
| Noncurrent Liabilities (Excluding Debt) (A) | 31,715,872 | 26,493,576 |
| Current Debt - Short-Term Notes Payable (B) | 617,625 | 3,677,361 |
| Current Debt - Long-Term Bonds Payable | 709,771 | 712,050 |
| Noncurrent Debt (B) | 13,521,072 | 10,789,343 |
| Total Liabilities | 48,975,029 | 43,438,987 |
| Deferred Inflows of Resources | 758,740 | 345,525 |
| Net Position: | | |
| Net Investment in Capital Assets | 29,689,172 | 29,554,196 |
| Restricted | 7,752,893 | 6,378,314 |
| Unrestricted (A) | (20,209,699) | (17,687,085) |
| Total Net Position | \$ 17,232,366 | \$ 18,245,425 |

(A) The increase in noncurrent liabilities (excluding debt), and the correlating decrease in unrestricted net position, primarily relates to an increase in the Town's total OPEB liability.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(B) The increase in noncurrent debt, and the correlating decrease in short-term notes payable, relates to the recognition of \$3,441,500 of bond proceeds which were used to paydown short-term notes.

The largest portion of the Town's net position reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. An additional portion of the Town's net position represents resources that are subject to external restrictions. The Town has no unrestricted net position available for the support of governmental activities.

Changes in Net Position

The Town's total net position decreased by \$1,013,059, compared to an increase of \$42,456 in the prior fiscal year. These amounts are summarized as follows:

| | 2020 | 2019 |
|---|---------------|---------------|
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 1,024,604 | \$ 1,456,160 |
| Operating Grants and Contributions | 5,279,731 | 4,440,843 |
| Capital Grants and Contributions | 135,941 | 577,792 |
| General Revenues: | | |
| Real Estate and Personal Property Taxes | 28,473,958 | 27,625,995 |
| Motor Vehicle Excise Taxes | 1,014,233 | 1,042,841 |
| Penalties and Interest on Taxes | 56,399 | 55,607 |
| Payments in Lieu of Taxes | 6,694 | 7,721 |
| Community Preservation Surcharges | 492,794 | 471,971 |
| Grants and Contributions not Restricted to Specific Programs | 530,078 | 483,899 |
| Unrestricted Investment Income | 96,843 | 136,550 |
| Total Revenues | 37,111,275 | 36,299,379 |
| Expenses: (A) | | |
| General Government | 2,346,898 | 2,338,555 |
| Public Safety | 4,470,806 | 4,136,332 |
| Education | 27,003,468 | 25,164,929 |
| Public Works | 1,931,347 | 2,225,685 |
| Health and Human Services | 740,703 | 694,864 |
| Culture and Recreation | 1,229,609 | 1,261,419 |
| Debt Service - Interest | 401,503 | 435,139 |
| Total Expenses | 38,124,334 | 36,256,923 |
| CHANGE IN NET POSITION | (1,013,059) | 42,456 |
| Net Position - Beginning of Year | 18,245,425 | 18,202,969 |
| NET POSITION - END OF YEAR | \$ 17,232,366 | \$ 18,245,425 |

(A) Increases in expenses primarily relate to increases in the Town's total OPEB liability.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Governmental activities decreased the Town's net position by \$1,013,059. The key element of the decrease in net position relates to a net increase in the Town's total OPEB liability and related balances of approximately \$2 million.

Fund Financial Statement Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$12,881,937, an increase of \$4,269,252 in comparison with the prior year. Unassigned fund balance totaled \$4,264,912. The remainder of governmental fund balance includes the following constraints (as detailed in Note 12 in the Notes to Basic Financial Statements) for:

- Nonspendable - \$202,756
- Restricted - \$7,758,145
- Committed - \$593,275
- Assigned - \$62,849

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$4,798,709, while total fund balance was \$7,678,328. 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 general fund revenues and other financing sources. Unassigned fund balance represents 13.9% of total general fund revenues and other financing sources, while total fund balance represents 22.2% of that total.

The fund balance of the Town's general fund increased by \$807,189 during the current fiscal year on a GAAP-basis of accounting. On a budgetary basis of accounting, the Town recognized a positive budget to actual variance of approximately \$871,000.

Financial highlights of the Town's other major governmental funds are as follows:

The fund balance of the community preservation fund (special revenue) increased by \$649,318 during the current fiscal year. The fund recognized \$489,374 in surcharges, \$876 in liens and penalties and interest, \$112,971 in intergovernmental revenues and \$731 of investment income. Expenditures of \$4,104 were incurred during the fiscal year.

The fund balance of the communications project fund (capital project) increased by \$1,677,164. The fund issued \$2,316,000 of long-term debt and received a \$200,000 transfer in from the general fund to pay down a short-term note. Expenditures of \$838,836 were incurred during the fiscal year.

The fund balance of the fire truck fund (capital project) increased by \$500,382 due to long-term debt issued for \$464,000 and a \$36,382 transfer in from the general fund to pay down a short-term note.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

General Fund Budgetary Highlights

The original and final general fund budgeted expenditures and transfers out totaled \$31,560,559.

General Fund Trends

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund - Operating Component: | | | | | |
| Total Fund Balance | \$ 6,480,550 | \$ 5,693,904 | \$ 5,180,019 | \$ 4,501,355 | \$ 4,663,109 |
| Less Restrictions for: | | | | | |
| Debt Service (a) | 263,287 | 295,787 | 356,410 | 372,215 | 405,191 |
| OPEB (b) | 1,960,208 | 1,484,632 | 1,045,326 | 731,898 | 466,535 |
| Less Commitments for: | | | | | |
| Subsequent Year's Expenditures (c) | - | 250,000 | 497,730 | 310,000 | 520,000 |
| Continuing Appropriations | 593,275 | 746,900 | 317,751 | 243,661 | 418,038 |
| Less Assignments for: | | | | | |
| Encumbrances | 62,849 | 155,463 | 157,303 | 39,708 | 45,223 |
| Unassigned Fund Balance | 3,600,931 | 2,761,122 | 2,805,499 | 2,803,873 | 2,808,122 |
| General Fund - Stabilization Component: | | | | | |
| Total Fund Balance (Unassigned) | 1,197,778 | 1,177,235 | 1,162,384 | 1,158,710 | 1,163,050 |
| Total General Fund Balance | <u>\$ 7,678,328</u> | <u>\$ 6,871,139</u> | <u>\$ 6,342,403</u> | <u>\$ 5,660,065</u> | <u>\$ 5,826,159</u> |
| Total General Fund Revenue and Other Financing Sources (OFS) | <u>\$ 34,522,772</u> | <u>\$ 33,182,809</u> | <u>\$ 32,242,429</u> | <u>\$ 30,589,954</u> | <u>\$ 27,340,679</u> |
| Total General Fund (Operating) | | | | | |
| Unassigned Fund Balance as % of Total General Fund Revenues and OFS | <u>10.4%</u> | <u>8.4%</u> | <u>8.7%</u> | <u>9.2%</u> | <u>10.2%</u> |
| Total General Fund (Stabilization) | | | | | |
| Unassigned Fund Balance as % of Total General Fund Revenues and OFS | <u>3.5%</u> | <u>3.5%</u> | <u>3.6%</u> | <u>3.8%</u> | <u>4.3%</u> |
| Total General Fund | | | | | |
| Unassigned Fund Balance as % of Total General Fund Revenues and OFS | <u>13.9%</u> | <u>11.9%</u> | <u>12.3%</u> | <u>13.0%</u> | <u>14.5%</u> |

- (a) The fund balance restriction for debt service represents amounts accumulated for the future annual repayments of debt.
- (b) The fund balance restriction for OPEB represents amounts accumulated for other postemployment benefits.
- (c) Net changes in the commitment for subsequent year's expenditures are attributable to net changes in the amount of fund balance that the Town votes to fund a portion of the subsequent fiscal year's operating budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities at the end of the fiscal year totaled \$43,697,973 (net of accumulated depreciation). This investment in capital assets includes land, intangible assets, construction in progress, land improvements, buildings, machinery and equipment, and infrastructure. The increase in the investment in capital assets for the current fiscal year totaled \$121,346.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The major capital asset event that occurred during the current fiscal year was construction in progress related to the public safety communications project (\$898,552).

The following table summarizes the Town's capital assets (net of accumulated depreciation):

| | 2020 | 2019 |
|--------------------------|---------------|---------------|
| Land | \$ 10,218,798 | \$ 10,218,798 |
| Intangible Assets | 560,150 | 560,150 |
| Construction in Progress | 2,618,490 | 1,769,034 |
| Land Improvements | 120,110 | 129,819 |
| Buildings | 21,948,714 | 22,475,679 |
| Machinery and Equipment | 1,864,710 | 2,010,305 |
| Infrastructure | 6,367,001 | 6,412,842 |
| Total Capital Assets | \$ 43,697,973 | \$ 43,576,627 |

Additional information on the Town's capital assets can be found in Note 6 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$14,230,843, which is backed by the full faith and credit of the Town, and is summarized as follows:

| | 2020 | 2019 |
|---|---------------|---------------|
| General Obligation Bonds | \$ 13,966,500 | \$ 11,205,000 |
| Add: Unamortized Premium | 264,343 | 296,393 |
| Total Bonds and Notes and Unamortized Premiums | \$ 14,230,843 | \$ 11,501,393 |

The Town's total bonded debt increased \$2,729,450 during the current fiscal year. The Town received an Aa1 rating from Moody's Investor Service for its most recent issuance of long-term debt in October of 2020.

The Town's general practice is to rollover Bond Anticipation Notes (BANs) until it becomes financially advantageous (within regulatory limitations) to bond the debt. The statutory limitation of BANs is 10 years. In fiscal year 2020, the Town paid down \$338,736 on BAN principal at the time of the renewal.

State statutes limit the amount of general obligation debt the Town may issue to 5% of its total assessed valuation. Based upon the 2020 equalized valuation by the Commissioner of Revenue, the current debt limit is \$82,858,365, which is \$68,891,865 in excess of the Town's current outstanding debt. The Town currently utilizes 16.9% of its available debt limit.

Additional information on the Town's long-term debt can be found in Note 10 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 66 Westford Street, Carlisle, Massachusetts 01741.

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2020**

| | <u>Primary Government Governmental Activities</u> |
|--|---|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | |
| CURRENT ASSETS | |
| Cash and Cash Equivalents | \$ 7,779,766 |
| Restricted Cash and Cash Equivalents | 5,971,212 |
| Restricted Investments | 1,911,192 |
| Receivables, Net of Allowance for Uncollectible Amounts: | |
| Real Estate and Personal Property Taxes | 510,115 |
| Tax Liens | 1,824 |
| Motor Vehicle Excise Taxes | 35,180 |
| Community Preservation Surcharges | 10,139 |
| Intergovernmental | 202,374 |
| Total Current Assets | <u>16,421,802</u> |
| NONCURRENT ASSETS | |
| Receivables, Net of Allowance for Uncollectible Amounts: | |
| Loans | 15,936 |
| Tax Foreclosures | 87,422 |
| Capital Assets Not Being Depreciated | 13,397,438 |
| Capital Assets, Net of Accumulated Depreciation | 30,300,535 |
| Total Noncurrent Assets | <u>43,801,331</u> |
| Total Assets | 60,223,133 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Outflows of Resources Related to OPEB | 5,094,657 |
| Deferred Outflows of Resources Related to Pension | 1,648,345 |
| Total Deferred Outflows of Resources | <u>6,743,002</u> |
| Assets and Deferred Outflows of Resources | <u><u>\$ 66,966,135</u></u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2020**

| | Primary Government Governmental Activities |
|---|---|
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | |
| CURRENT LIABILITIES | |
| Warrants Payable | \$ 727,267 |
| Accrued Payroll | 947,269 |
| Tax Refunds Payable | 94,359 |
| Other Liabilities | 315,039 |
| Accrued Interest | 93,045 |
| Workers' Compensation Claims | 64,070 |
| Compensated Absences | 169,640 |
| Short-Term Notes Payable | 617,625 |
| Long-Term Bonds and Notes Payable | 709,771 |
| Total Current Liabilities | 3,738,085 |
| NONCURRENT LIABILITIES | |
| Compensated Absences | 292,718 |
| Total OPEB Liability | 20,321,196 |
| Net Pension Liability | 11,101,958 |
| Long-Term Bonds and Notes Payable | 13,521,072 |
| Total Noncurrent Liabilities | 45,236,944 |
| Total Liabilities | 48,975,029 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Inflows of Resources Related to Pension | 758,740 |
| NET POSITION | |
| Net Investment in Capital Assets | 29,689,172 |
| Restricted for: | |
| Community Preservation | 2,471,241 |
| Affordable Housing | 94,844 |
| Loans | 15,936 |
| Debt Service | 263,287 |
| OPEB | 1,960,208 |
| Permanent Funds: | |
| Expendable | 537,183 |
| Nonexpendable | 186,820 |
| Other Specific Purposes | 2,223,374 |
| Unrestricted | (20,209,699) |
| Total Net Position | 17,232,366 |
| Liabilities, Deferred Inflows of Resources, and Net Position | \$ 66,966,135 |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense)/ Revenue</u> |
|--------------------------------------|-----------------------------|---------------------------------|---|---|---------------------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 2,346,898 | \$ 155,724 | \$ 64,500 | \$ 4,953 | \$ (2,121,721) |
| Public Safety | 4,470,806 | 342,356 | 149,962 | - | (3,978,488) |
| Education | 27,003,468 | 206,330 | 4,929,813 | - | (21,867,325) |
| Public Works | 1,931,347 | 50,424 | 5,301 | 116,879 | (1,758,743) |
| Health and Human Services | 740,703 | 95,284 | 89,858 | 14,109 | (541,452) |
| Culture and Recreation | 1,229,609 | 174,486 | 40,297 | - | (1,014,826) |
| Debt Service-Interest | 401,503 | - | - | - | (401,503) |
| Total Governmental Activities | <u>\$ 38,124,334</u> | <u>\$ 1,024,604</u> | <u>\$ 5,279,731</u> | <u>\$ 135,941</u> | <u>(31,684,058)</u> |
| General Revenues: | | | | | |
| | | | | | 28,473,958 |
| | | | | | 1,014,233 |
| | | | | | 56,399 |
| | | | | | 6,694 |
| | | | | | 492,794 |
| | | | | | 530,078 |
| | | | | | 96,843 |
| | | | | | <u>30,670,999</u> |
| | | | | | (1,013,059) |
| | | | | | <u>18,245,425</u> |
| | | | | | <u>\$ 17,232,366</u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
GOVERNMENTAL FUNDS – BALANCE SHEET
JUNE 30, 2020**

| ASSETS | General | Community Preservation | Communications Project |
|--|----------------------|---------------------------|---------------------------|
| Cash and Cash Equivalents | \$ 7,779,766 | \$ - | \$ - |
| Receivables, Net of Allowance for Uncollectible Amounts: | | | |
| Real Estate and Personal Property Taxes | 510,115 | - | - |
| Tax Liens | 1,824 | - | - |
| Motor Vehicle Excise Taxes | 35,180 | - | - |
| Community Preservation Surcharges | - | 10,139 | - |
| Intergovernmental | - | - | - |
| Loans | - | - | - |
| Tax Foreclosures | 87,422 | - | - |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 49,016 | 2,461,102 | 270,721 |
| Investments | 1,911,192 | - | - |
| | \$ 10,374,515 | \$ 2,471,241 | \$ 270,721 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Warrants Payable | \$ 530,639 | \$ - | \$ - |
| Accrued Payroll | 941,505 | - | - |
| Tax Refunds Payable | 94,359 | - | - |
| Other Liabilities | 315,039 | - | - |
| Accrued Short-Term Interest | 46,897 | - | - |
| Workers' Compensation Claims | 64,070 | - | - |
| Short-Term Notes Payable | - | - | 465,100 |
| Total Liabilities | 1,992,509 | - | 465,100 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue | 703,678 | 10,139 | - |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 2,223,495 | 2,461,102 | - |
| Committed | 593,275 | - | - |
| Assigned | 62,849 | - | - |
| Unassigned | 4,798,709 | - | (194,379) |
| Total Fund Balances | 7,678,328 | 2,461,102 | (194,379) |
| | \$ 10,374,515 | \$ 2,471,241 | \$ 270,721 |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
GOVERNMENTAL FUNDS – BALANCE SHEET (CONTINUED)
JUNE 30, 2020**

| Fire Truck | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------|-----------------------------------|--------------------------------|
| \$ - | \$ - | \$ 7,779,766 |
| - | - | 510,115 |
| - | - | 1,824 |
| - | - | 35,180 |
| - | - | 10,139 |
| - | 202,374 | 202,374 |
| - | 15,936 | 15,936 |
| - | - | 87,422 |
| 509 | 3,189,864 | 5,971,212 |
| - | - | 1,911,192 |
| <u>\$ 509</u> | <u>\$ 3,408,174</u> | <u>\$ 16,525,160</u> |
| | | |
| \$ - | \$ 196,628 | \$ 727,267 |
| - | 5,764 | 947,269 |
| - | - | 94,359 |
| - | - | 315,039 |
| - | - | 46,897 |
| - | - | 64,070 |
| 76,000 | 76,525 | 617,625 |
| <u>76,000</u> | <u>278,917</u> | <u>2,812,526</u> |
| - | 116,880 | 830,697 |
| - | 202,756 | 202,756 |
| - | 3,073,548 | 7,758,145 |
| - | - | 593,275 |
| - | - | 62,849 |
| (75,491) | (263,927) | 4,264,912 |
| <u>(75,491)</u> | <u>3,012,377</u> | <u>12,881,937</u> |
| <u>\$ 509</u> | <u>\$ 3,408,174</u> | <u>\$ 16,525,160</u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
GOVERNMENTAL FUNDS – STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020**

| | <u>General</u> | <u>Community Preservation</u> | <u>Communications Project</u> |
|--|---------------------|-----------------------------------|-----------------------------------|
| REVENUES | | | |
| Real Estate and Personal Property Taxes | \$ 28,402,668 | \$ - | \$ - |
| Motor Vehicle Excise Taxes | 1,039,544 | - | - |
| Payments in Lieu of Taxes | 6,694 | - | - |
| Community Preservation Surcharges | - | 489,374 | - |
| Charges for Services | - | - | - |
| Intergovernmental | 4,622,918 | 112,971 | - |
| Penalties and Interest on Taxes | 54,587 | 876 | - |
| Licenses and Permits | 128,063 | - | - |
| Fines and Forfeitures | 5,474 | - | - |
| Departmental and Other | 95,667 | - | - |
| Contributions | - | - | - |
| Investment Income | 96,843 | 731 | - |
| Total Revenues | <u>34,452,458</u> | <u>603,952</u> | <u>-</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 1,848,660 | 4,104 | - |
| Public Safety | 2,875,325 | - | 838,836 |
| Education | 22,686,648 | - | - |
| Public Works | 1,141,329 | - | - |
| Health and Human Services | 339,683 | - | - |
| Culture and Recreation | 822,502 | - | - |
| Pension Benefits | 991,823 | - | - |
| Employee Benefits | 1,223,952 | - | - |
| Property and Liability Insurance | 258,614 | - | - |
| State and County Charges | 70,776 | - | - |
| Debt Service: | | | |
| Principal | 680,000 | - | - |
| Interest | 437,535 | - | - |
| Total Expenditures | <u>33,376,847</u> | <u>4,104</u> | <u>838,836</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,075,611 | 599,848 | (838,836) |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds of Bonds and Notes | - | - | 2,316,000 |
| Transfers In | 70,314 | 49,470 | 200,000 |
| Transfer Out | (338,736) | - | - |
| Total Other Financing Sources (Uses) | <u>(268,422)</u> | <u>49,470</u> | <u>2,516,000</u> |
| NET CHANGE IN FUND BALANCES | 807,189 | 649,318 | 1,677,164 |
| Fund Balances - Beginning of Year | <u>6,871,139</u> | <u>1,811,784</u> | <u>(1,871,543)</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 7,678,328</u> | <u>\$ 2,461,102</u> | <u>\$ (194,379)</u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
GOVERNMENTAL FUNDS – STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2020**

| Fire Truck | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------|-----------------------------------|--------------------------------|
| \$ - | \$ - | \$ 28,402,668 |
| - | - | 1,039,544 |
| - | - | 6,694 |
| - | - | 489,374 |
| - | 216,882 | 216,882 |
| - | 749,353 | 5,485,242 |
| - | 936 | 56,399 |
| - | - | 128,063 |
| - | - | 5,474 |
| - | 655,556 | 751,223 |
| - | 252,670 | 252,670 |
| - | 13,188 | 110,762 |
| <u>-</u> | <u>1,888,585</u> | <u>36,944,995</u> |
| - | 93,778 | 1,946,542 |
| - | 331,086 | 4,045,247 |
| - | 873,521 | 23,560,169 |
| - | 228,494 | 1,369,823 |
| - | 199,458 | 539,141 |
| - | 171,119 | 993,621 |
| - | - | 991,823 |
| - | - | 1,223,952 |
| - | - | 258,614 |
| - | - | 70,776 |
| - | - | 680,000 |
| - | - | 437,535 |
| <u>-</u> | <u>1,897,456</u> | <u>36,117,243</u> |
| - | (8,871) | 827,752 |
| 464,000 | 661,500 | 3,441,500 |
| 36,382 | 102,354 | 458,520 |
| - | (119,784) | (458,520) |
| <u>500,382</u> | <u>644,070</u> | <u>3,441,500</u> |
| 500,382 | 635,199 | 4,269,252 |
| <u>(575,873)</u> | <u>2,377,178</u> | <u>8,612,685</u> |
| <u>\$ (75,491)</u> | <u>\$ 3,012,377</u> | <u>\$ 12,881,937</u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS – BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

| | |
|--|-----------------------------|
| Total Governmental Fund Balances | \$ 12,881,937 |
| Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 43,697,973 |
| In the statement of net position, deferred outflows and inflows of resources are reported for amounts related to: | |
| OPEB | 5,094,657 |
| Pension | 889,605 |
| Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. | 830,697 |
| In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds, interest is not reported until due. | (46,148) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | |
| Bonds and Notes Payable, Net of Unamortized Premiums | (14,230,843) |
| Compensated Absences | (462,358) |
| Total OPEB Liability | (20,321,196) |
| Net Pension Liability | (11,101,958) |
| | (11,101,958) |
| Net Position of Governmental Activities | <u><u>\$ 17,232,366</u></u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

| | |
|--|----------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 4,269,252 |
| <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. These amounts represent the related activity of the current period.</p> | |
| Capital Outlays, Contributions and Disposals | 1,671,516 |
| Depreciation | (1,550,170) |
| <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 impact 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. This amount represents the related activity of the current period.</p> | |
| Proceeds of Bonds | (3,441,500) |
| Bond Maturities | 680,000 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes in:</p> | |
| Compensated Absences | (81,685) |
| Total OPEB Liability | (5,250,077) |
| Net Pension Liability | 55,181 |
| <p>In the statement of activities, deferred outflows related to OPEB are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to OPEB.</p> | |
| | 3,247,053 |
| <p>In the statement of activities, deferred outflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to pensions.</p> | |
| | (401,725) |
| <p>In the statement of activities, deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to pensions.</p> | |
| | (413,215) |
| <p>This amount represents the net change in deferred inflows of resources related to unavailable revenue, the net change in accrued interest payable and net amortization of bond premiums.</p> | |
| | 202,311 |
| Changes in Net Position of Governmental Activities | \$ (1,013,059) |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

| | Private Purpose Trust Funds | Agency Funds |
|--|-----------------------------------|-----------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 303,440 | \$ 151,311 |
| Receivables, Net of Allowance for Uncollectible Amounts: | | |
| Departmental and Other | - | 8,373 |
| Total Assets | 303,440 | 159,684 |
| LIABILITIES | | |
| Warrants Payable | - | 2,084 |
| Accrued Payroll | - | 1,842 |
| Liabilities Due Depositors | - | 155,758 |
| Total Liabilities | - | 159,684 |
| NET POSITION | | |
| Held in Trust for Other Purposes | \$ 303,440 | \$ - |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

| | <u>Private Purpose Trust Funds</u> |
|-----------------------------------|--|
| ADDITIONS | |
| Net Investment Income: | |
| Net Realized and Unrealized Gains | \$ 4,533 |
| DEDUCTIONS | |
| Scholarships Awarded | <u>6,375</u> |
| CHANGE IN NET POSITION | (1,842) |
| Net Position - Beginning of Year | <u>305,282</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 303,440</u></u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The basic financial statements 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 standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

B. Reporting Entity

The Town of Carlisle, Massachusetts (the Town) is a municipal corporation that is governed by an elected Select Board (the Board).

For financial reporting purposes, the basic financial statements include all funds, organizations, account groups, agencies, boards, commissions, and institutions that are not legally separate from the Town.

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/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. It has been determined that there are no component units that require inclusion in the basic financial statements.

Joint Ventures

A joint venture is an organization (resulting from a contractual agreement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in the following joint venture with other municipalities to pool resources and share the costs, risks, and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified participants.

Concord-Carlisle Regional School District (CCRSD)

The CCRSD is governed by a seven-member school committee including two elected representatives from the Town. The Town is indirectly liable for the CCRSD's debt and other expenditures and is assessed annually for its share of operating and capital costs. For the fiscal year ended June 30, 2020, the Town's assessment was \$7,678,252. Separate financial statements may be obtained by writing to the CCRSD at 120 Meriam Road, Concord, MA 01742. See Note 10 for the Town's overlapping debt associated with the CCRSD.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Implementation of New Accounting Principles

For the year ended June 30, 2020, the Town implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the implementation dates of certain GASB Statements.

D. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report all nonfiduciary activities of the primary government. Governmental Activities are primarily supported by taxes and intergovernmental revenues.

Fund Financial Statements

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

Fiduciary funds are reported by fund type.

E. Measurement Focus, Basis of Accounting and Basis of Presentation

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a 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 specific function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental funds 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.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after the end of the fiscal year. 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 used to account for and report all financial resources not accounted for and reported in another fund.

The *community preservation fund* is a special revenue fund (defined below) used to account for the 2% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, open recreation, historic resource and affordable housing purposes. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low-income residents or seniors with a low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

The *communications project fund* is a capital projects fund (defined below) used to account for the accumulation of resources related to a public safety communications project.

The *fire truck fund* is a capital projects fund (defined below) used to account for the accumulation of resources for the purchase of a fire truck.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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:

- *Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- *Capital projects funds* are 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. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
- *Permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

Fiduciary funds 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 for others that cannot be used to support the government's programs.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist of police detail and student activity funds. Agency funds do not present the results of operations or have a measurement focus.

F. Cash and Cash Equivalents 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, net asset value (NAV) or amortized cost, as further described in Note 3.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Real Estate Taxes, Personal Property Taxes, and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st, and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Tax liens are processed approximately six months after the close of the valuation year on delinquent properties. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

Motor Vehicle Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth of Massachusetts is responsible for reporting the number of vehicles registered and the fair values of those vehicles to the Town. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

Community Preservation Surcharges

Community preservation surcharges are levied annually and at a rate of 2% of residents' real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income as defined by DOR guidelines. The surcharge is due with the real estate tax on August 1st, November 1st, February 1st, and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the fiscal year of the levy.

Intergovernmental

Various state and federal operating and capital grants are applied for and received annually. For nonexpenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred, and all other grant requirements are met.

Loans

The Town administers various loan programs to residents that provide assistance to comply with Title V (related to septic systems) requirements. Loans are recorded as receivables upon issuance.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle excise taxes
- Departmental and other
- Loans

The following types of accounts receivable are secured via the lien process (or other means) and are considered 100% collectible. Accordingly, an allowance for uncollectible accounts is not recorded.

- Real estate taxes and deferrals
- Community preservation surcharges
- Loans

Intergovernmental receivables are considered 100% collectible.

I. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements and, therefore, are not reported.

J. Restricted Assets

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

K. Capital Assets

Government-Wide Financial Statements

Capital assets, which consist of land, land improvements, buildings, machinery and equipment, and infrastructure, are reported in the government-wide 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 acquisition value at the date of donation. Construction period interest is not capitalized on constructed capital assets.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

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</u> |
|----------------------------|------------------------------|
| Land Improvements | 20 Years |
| Buildings and Improvements | 20 to 50 Years |
| Machinery and Equipment | 5 to 15 Years |
| Infrastructure | 40 to 75 Years |

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.

Governmental Fund Financial Statements

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

L. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position.

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.

M. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds.

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Interfund Transfers (Continued)

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.

N. Deferred Outflows of Resources

In addition to assets, the statement of financial position reports 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 that time.

The Town has deferred outflows of resources related to OPEB and pension which are reported in the government-wide financial statements statement of net position.

O. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflow of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has unavailable revenue that is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. In addition, the Town has deferred inflows of resources related to pension which are reported in the government-wide financial statements statement of net position.

P. Net Position and Fund Balances

Government-Wide Financial Statements (Net Position)

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

Net position has been restricted for the following:

Community preservation represents amounts restricted for open space, open recreation, historic resource, and affordable housing purposes.

Affordable housing represents amounts restricted for a fund (established in accordance with MGL, Chapter 44, Section 55C) used to account for activities related to the creation and preservation of affordable housing for the benefit of low and moderate-income households.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Balances (Continued)

Government-Wide Financial Statements (Net Position)(Continued)

Loans represents outstanding septic loans receivable.

Debt service represents amounts restricted for principal and interest payments on long-term bonds outstanding.

OPEB represents amounts accumulated for other postemployment benefits.

Permanent funds – expendable represents amounts held in trust for which the expenditures are restricted by various trust agreements.

Permanent funds – nonexpendable represents amounts held in trust for which only investment earnings may be expended.

Other specific purposes represent other restrictions placed on assets from outside parties.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding borrowings attributable to those assets.

Unrestricted net position is the difference between total net position, net investment in capital assets, and restricted net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Town's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

Restricted represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed represents amounts that can be used only for specific purposes imposed by a formal action of Town Meeting, which is the highest level of decision-making authority for the Town. Committed amounts may be established, modified, or rescinded only through actions approved by Town Meeting.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Balances (Continued)

Governmental Funds Financial Statements (Fund Balances) (Continued)

Assigned represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Town's structure, only authorized assignments for noncontractual encumbrances can be made by individual department heads.

Unassigned represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

Q. Long-Term Debt

Government-Wide Financial Statements

Long-term debt is reported as liabilities in the government-wide statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed as incurred. 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 when the debt is issued. 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.

R. 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).

S. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws, and executive policies. Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Compensated Absences (Continued)

Government-Wide 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.

T. Pensions

Government-Wide and Fund Financial Statements

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Middlesex County Retirement System (MCRS) and additions to/deductions from MCRS's fiduciary net position have been determined on the same basis as they are reported by MCRS. 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.

U. Post-Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 11, the Town provides health and life insurance coverage for current and future retirees and their spouses.

V. 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 fiscal year. Actual results could vary from estimates that were used.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The municipal finance laws of the Commonwealth of Massachusetts require the adoption of a balanced budget that is approved by Town Meeting vote. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Multi-year union contracts are not ratified at Town Meeting. After the first related Town Meeting vote on such contracts, the Town is obligated to meet the unquantified terms of these contracts. Other multi-year contracts are quantified and submitted for authorizing funds.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

Increases to the annual budget subsequent to Annual Town Meeting approval require Special Town Meeting approval.

The majority of appropriations are noncontinuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the level of spending (salaries, expenses, and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

An annual budget is adopted for the general fund and community preservation fund in conformity with the guidelines described above. The original and final fiscal year 2020 approved budget for the general fund authorized \$31,560,559 in appropriations and other amounts to be raised. The original and final fiscal year 2020 approved budget for the community preservation fund authorized \$422,071 in appropriations.

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

B. Fund Deficits

At June 30, 2020, temporary fund deficits exist:

| <u>Fund</u> | <u>Amount</u> | <u>Funding Source</u> |
|---------------------------|-------------------|----------------------------|
| Communications Project | \$ 194,379 | Issuance of Long-Term Debt |
| School Paving | 125,000 | Issuance of Long-Term Debt |
| DPW Truck/Chipper/Trailer | 102,904 | Issuance of Long-Term Debt |
| Fire Truck | 75,491 | Issuance of Long-Term Debt |
| FEMA | 18,598 | Federal Grant |
| CARES | 10,112 | Federal Grant |
| Fuel Tank Replacement | 7,313 | Issuance of Long-Term Debt |
| Total Deficits | <u>\$ 533,797</u> | |

NOTE 3 DEPOSITS AND INVESTMENTS

The municipal finance laws of the Commonwealth of Massachusetts authorize the Town to invest available cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT).

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth of Massachusetts serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of the permanent funds and private purpose trust funds are held separately from other Town funds.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town does not have a policy for custodial credit risk of deposits. As of June 30, 2020, \$11,444,376 of the Town's bank balance of \$12,770,094 was uninsured and uncollateralized. The carrying amount of cash and cash equivalents at year-end totaled \$12,284,231.

Investments Summary

The Town's investments at June 30, 2020 are presented below. All investments are presented by investment type. All investments mature in less than one year and therefore are shown as cash and cash equivalents on the financial statements.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (in Years) Less Than One</u> |
|----------------------------------|---------------------|---|
| Money Market Mutual Funds | \$ 333,044 | \$ 333,044 |
| Fixed Income Mutual Funds | 504,536 | 504,536 |
| External Investment Pools (MMDT) | 1,598,610 | 1,598,610 |
| Total Debt Securities | <u>2,436,190</u> | <u>2,436,190</u> |
| Equity Mutual Funds | 1,269,805 | |
| Private Equity | 136,581 | |
| Total Investments | <u>\$ 3,842,576</u> | |

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town does not have a policy for interest rate risk of debt securities.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2020, the Town was not exposed to custodial credit risk.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities. As of June 30, 2020, the Town's investments in debt securities were unrated for credit quality.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. As of June 30, 2020, the Town was not exposed to concentration of credit risk.

Investments – Fair Value Measurements

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

The Town has the following recurring fair value measurements as of June 30, 2020:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Fair Value Measurements Using</u> | | |
|---|---------------------|---|--|--|
| | | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Equity Securities: | | | | |
| Equity Mutual Funds | \$ 1,269,805 | \$ 1,269,805 | \$ - | \$ - |
| Private Equity | 136,581 | - | 136,581 | - |
| Total Equity Securities | 1,406,386 | 1,269,805 | 136,581 | - |
| Debt Securities: | | | | |
| Fixed Income Mutual Funds | 504,536 | 504,536 | - | - |
| Total Investments Measured at Fair Value | 1,910,922 | <u>\$ 1,774,341</u> | <u>\$ -</u> | <u>\$ -</u> |
| Investments Measured at Amortized Cost: | | | | |
| Money Market Mutual Funds | 333,044 | | | |
| External Investment Pools (MMDT) | 1,598,610 | | | |
| Total Investments Measured at Amortized Cost | 1,931,654 | | | |
| Total Investments | <u>\$ 3,842,576</u> | | | |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth of Massachusetts serves as Trustee. The reported value of the pool is the same as the fair value of pool shares. There are no limitations or restrictions on withdrawals.

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2020, receivables for the individual major governmental funds, nonmajor governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>Gross Amount</u> | <u>Allowance for Uncollectibles</u> | <u>Net Amount</u> |
|---|---------------------|---|-------------------|
| Receivables: | | | |
| Real Estate and Personal Property Taxes | \$ 513,917 | \$ (3,802) | \$ 510,115 |
| Tax Liens | 1,824 | - | 1,824 |
| Motor Vehicle and Other Excise Taxes | 104,102 | (68,922) | 35,180 |
| Community Preservation Surcharges | 10,139 | - | 10,139 |
| Departmental and Other | 8,373 | - | 8,373 |
| Notes Receivable | 131,514 | (131,514) | - |
| Intergovernmental | 202,374 | - | 202,374 |
| Loans | 15,936 | - | 15,936 |
| Total | <u>\$ 988,179</u> | <u>\$ (204,238)</u> | <u>\$ 783,941</u> |

NOTE 5 LONG-TERM NOTE RECEIVABLE

During fiscal year 2013, the Town issued a \$425,000 long-term note to an affordable housing developer. The note is interest free and matures on January 5, 2044. The present value of the note (based on an effective interest rate of 5%) totals \$131,514, and has been fully reserved as uncollectible at June 30, 2020.

During the one-year period prior to the maturity date, the borrower may request that the Town extend the maturity date for a period of up to the original term of the note. If any portion of the note is not paid when due, unpaid amounts will bear interest until paid at the lesser of: (1) the annual rate, which is 5% per annum above the Prime Rate as published by the Wall Street Journal, and (2) the maximum rate of interest which may be lawfully charged or collected on account of such unpaid amounts in accordance with applicable law.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

| <u>Governmental Activities</u> | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------------|--------------------|----------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 10,218,798 | \$ - | \$ - | \$ 10,218,798 |
| Intangible Assets | 560,150 | - | - | 560,150 |
| Construction in Progress | 1,769,034 | 898,552 | (49,096) | 2,618,490 |
| Total Capital Assets Not Being Depreciated | <u>12,547,982</u> | <u>898,552</u> | <u>(49,096)</u> | <u>13,397,438</u> |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 913,793 | - | - | 913,793 |
| Buildings and Improvements | 34,591,014 | 359,895 | - | 34,950,909 |
| Machinery and Equipment | 7,362,403 | 291,438 | (38,872) | 7,614,969 |
| Infrastructure | 31,331,152 | 194,050 | - | 31,525,202 |
| Total Capital Assets Being Depreciated | <u>74,198,362</u> | <u>845,383</u> | <u>(38,872)</u> | <u>75,004,873</u> |
| Less: Accumulated Depreciation for: | | | | |
| Land Improvements | (783,974) | (9,709) | - | (793,683) |
| Buildings and Improvements | (12,115,335) | (886,860) | - | (13,002,195) |
| Machinery and Equipment | (5,352,098) | (413,710) | 15,549 | (5,750,259) |
| Infrastructure | (24,918,310) | (239,891) | - | (25,158,201) |
| Total Accumulated Depreciation | <u>(43,169,717)</u> | <u>(1,550,170)</u> | <u>15,549</u> | <u>(44,704,338)</u> |
| Total Capital Assets Being Depreciated, Net | <u>31,028,645</u> | <u>(704,787)</u> | <u>(23,323)</u> | <u>30,300,535</u> |
| Total Governmental Activities Capital Assets, Net | <u>\$ 43,576,627</u> | <u>\$ 193,765</u> | <u>\$ (72,419)</u> | <u>\$ 43,697,973</u> |

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

| | |
|--|---------------------|
| Governmental Activities: | |
| General Government | \$ 78,437 |
| Public Safety | 319,193 |
| Education | 787,170 |
| Public Works | 331,577 |
| Health and Human Services | 2,750 |
| Culture and Recreation | 31,043 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,550,170</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2020 are summarized as follows:

| <u>Transfers Out:</u> | Transfers In: | | | | | <u>Total</u> |
|-----------------------------|-----------------|---------------------------|---------------------------|---------------|----------------------------------|----------------|
| | General Fund | Community Preservation | Communications Project | Fire Truck | Nonmajor Governmental Fund | |
| General Fund | \$ - | \$ - | \$ 200,000 | \$ 36,382 | \$ 102,354 | \$ 338,736 (1) |
| Nonmajor Governmental Funds | 70,314 | 49,470 | - | - | - | 119,784 (2) |
| Total | \$ 70,314 | \$ 49,470 | \$ 200,000 | \$ 36,382 | \$ 102,354 | \$ 458,520 |

(1) Represents budgeted transfers from the general fund for BAN payments for the communications project major fund (\$200,000), the fire truck major fund (\$36,382) and capital projects fund (\$102,354).

(2) Represents budgeted transfers from the ambulance (\$53,000), sewer betterments (\$7,000), and Affordable Housing Trust (\$49,470) funds. Also represents an additional unbudgeted transfer from the sewer betterments special revenue fund (\$10,314).

NOTE 8 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 anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 SHORT-TERM FINANCING (CONTINUED)

Details related to the short-term debt activity for the fiscal year ended June 30, 2020 are as follows:

Notes Payable – Governmental Funds

| Type | Description | Origination Date | Maturity Date | Interest Rate | Balance at 06/30/19 | Increases | Decreases | Balance at 06/30/20 |
|------|----------------------|------------------|---------------|---------------|---------------------|---------------------|-----------------------|---------------------|
| BAN | Land Acquisition | 3/1/19 | 11/21/19 | 2.50% | \$ 339,879 | \$ - | \$ (339,879) | \$ - |
| BAN | Fire Truck | 3/1/19 | 11/21/19 | 2.50 | 576,382 | - | (576,382) | - |
| BAN | Communication System | 3/1/19 | 11/21/19 | 2.50 | 2,761,100 | - | (2,761,100) | - |
| BAN | Communications | 11/21/19 | 11/20/20 | 2.00 | - | 2,561,100 * | (2,123,000) | 438,100 |
| BAN | Fire Truck | 11/21/19 | 11/20/20 | 2.00 | - | 540,000 * | (464,000) | 76,000 |
| BAN | Land Acquisition | 11/21/19 | 11/20/20 | 2.00 | - | 237,525 * | (204,000) | 33,525 |
| BAN | Communications | 11/21/19 | 11/20/20 | 2.00 | - | 220,000 * | (193,000) | 27,000 |
| BAN | DPW Truck | 11/21/19 | 11/20/20 | 2.00 | - | 45,000 * | (43,000) | 2,000 |
| BAN | Wood Chipper | 11/21/19 | 11/20/20 | 2.00 | - | 48,000 * | (43,000) | 5,000 |
| BAN | Building Rehab | 11/21/19 | 11/20/20 | 2.00 | - | 157,500 * | (157,500) | - |
| BAN | Parking-School | 5/20/20 | 11/20/20 | 1.50 | - | 250,000 * | (214,000) | 36,000 |
| | Total | | | | <u>\$ 3,677,361</u> | <u>\$ 4,059,125</u> | <u>\$ (7,118,861)</u> | <u>\$ 617,625</u> |

Subsequent Event

* In October of 2020, the Town issued \$3,515,000 of General Obligation Bonds. Of this amount, \$3,441,500 (along with premiums and other available funds) were used to pay down \$4,059,125 of BANs outstanding on June 30, 2020. Accordingly, the \$3,441,500 is reported as a long-term debt obligation at June 30, 2020.

NOTE 9 LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term liabilities during the fiscal year ended June 30, 2020:

| | Balance June 30, 2019 | Increases | Decreases | Balance June 30, 2020 | Current Portion |
|-------------------------------|-----------------------|---------------------|---------------------|-----------------------|-------------------|
| Governmental Activities: | | | | | |
| Bonds and Notes Payable | \$ 11,205,000 | \$ 3,441,500 | \$ (680,000) | \$ 13,966,500 | \$ 680,000 |
| Unamortized Premium | 296,393 | - | (32,050) | 264,343 | 29,771 |
| Total Bonds and Notes Payable | 11,501,393 | 3,441,500 | (712,050) | 14,230,843 | 709,771 |
| Compensated Absences | 380,673 | 81,685 | - | 462,358 | 169,640 |
| Total | <u>\$ 11,882,066</u> | <u>\$ 3,523,185</u> | <u>\$ (712,050)</u> | <u>\$ 14,693,201</u> | <u>\$ 879,411</u> |

Bonds and notes payable are liquidated by the General Fund, Community Preservation Fund, and Title V special revenue fund. Other long-term obligations are generally liquidated by the General Fund.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2020, and the debt service requirements are as follows:

Bonds and Notes Payable – Governmental Funds

| Date of Issue | Original Issue | Project | Interest Rate (%) | Outstanding at June 30, 2019 | Additions | Deductions | Outstanding at June 30, 2020 |
|---------------|----------------|---|-------------------|------------------------------|---------------------|---------------------|------------------------------|
| 04/01/06 | 1,200,000 | Wastewater | 4.0 - 5.5 | \$ 420,000 | \$ - | \$ (60,000) | \$ 360,000 |
| 04/01/06 | 1,100,000 | Wastewater | 4.0 - 5.5 | 385,000 | - | (55,000) | 330,000 |
| 11/15/12 | 12,908,400 | School Project | 2.0 - 4.0 | 9,785,000 | - | (515,000) | 9,270,000 |
| 11/15/12 | 410,000 | Fire Truck | 2.0 - 4.0 | 262,000 | - | (22,000) | 240,000 |
| 11/15/12 | 200,200 | School Design | 2.0 - 4.0 | 140,000 | - | (10,000) | 130,000 |
| 11/15/12 | 145,400 | DPW Roll-Off Truck | 2.0 - 4.0 | 88,000 | - | (8,000) | 80,000 |
| 11/15/12 | 134,000 | Dump Truck | 2.0 - 4.0 | 92,000 | - | (7,000) | 85,000 |
| 11/15/12 | 56,000 | Cisterns | 2.0 - 4.0 | 33,000 | - | (3,000) | 30,000 |
| 10/29/20 | 2,123,000 | Communications Infrastructure/Equipment | 2.0 - 5.0 | - | 2,123,000 | - | 2,123,000 |
| 10/29/20 | 464,000 | Fire Truck | 2.0 - 5.0 | - | 464,000 | - | 464,000 |
| 10/29/20 | 204,000 | Land Acquisition | 2.0 - 5.0 | - | 204,000 | - | 204,000 |
| 10/29/20 | 193,000 | Communications Infrastructure/Equipment | 2.0 - 5.0 | - | 193,000 | - | 193,000 |
| 10/29/20 | 86,000 | DPW Truck/Chipper | 5.0 | - | 86,000 | - | 86,000 |
| 10/29/20 | 231,000 | Building Remodel | 5.0 | - | 157,500 | - | 157,500 |
| 10/29/20 | 214,000 | School Parking | 2.0 - 5.0 | - | 214,000 | - | 214,000 |
| | | Subtotal | | 11,205,000 | 3,441,500 | (680,000) | 13,966,500 |
| | | Add: Unamortized Premium | | 296,393 | - | (32,050) | 264,343 |
| | | Total | | <u>\$ 11,501,393</u> | <u>\$ 3,441,500</u> | <u>\$ (712,050)</u> | <u>\$ 14,230,843</u> |

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

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------|---------------------|----------------------|
| 2021 | \$ 680,000 | \$ 327,516 | \$ 1,009,537 |
| 2022 | 1,010,000 | 463,576 | 1,473,576 |
| 2023 | 1,005,000 | 387,774 | 1,392,774 |
| 2024 | 998,500 | 349,953 | 1,348,453 |
| 2025 | 937,000 | 312,511 | 1,249,511 |
| 2026 | 911,000 | 276,673 | 1,187,673 |
| 2027 | 790,000 | 242,962 | 1,032,962 |
| 2028 | 790,000 | 214,762 | 1,004,762 |
| 2029 | 790,000 | 186,562 | 976,562 |
| 2030 | 790,000 | 161,737 | 951,737 |
| 2031 | 755,000 | 140,742 | 895,742 |
| 2032 | 735,000 | 120,412 | 855,412 |
| 2033 | 735,000 | 100,412 | 835,412 |
| 2034 | 620,000 | 81,637 | 701,637 |
| 2035 | 620,000 | 63,765 | 683,765 |
| 2036 | 600,000 | 45,772 | 645,772 |
| 2037 | 600,000 | 27,657 | 627,657 |
| 2038 | 600,000 | 9,219 | 609,219 |
| Total | <u>\$ 13,966,500</u> | <u>\$ 3,513,642</u> | <u>\$ 17,482,163</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 LONG-TERM DEBT (CONTINUED)

Bonds and Notes Payable – Governmental Funds (Continued)

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, 2020, the Town had authorized and unissued debt for police station (\$864,742) and equipment (\$95,500).

Overlapping Debt

The following table identifies the Town’s overlapping debt at June 30, 2020:

| | Outstanding Overlapping Debt | Overlapping Town Share (%) | Overlapping Town Share |
|---|------------------------------------|----------------------------------|------------------------------|
| Concord-Carlisle Regional School District | <u>\$ 48,890,000</u> | 23.90% | <u>\$ 11,684,710</u> |

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the Plan) as a single-employer defined benefit Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Participants Covered by Benefit Terms

The number of participants as of July 1, 2019, the latest actuarial valuation, is as follows:

| | |
|--|-------------------|
| Active Employees | 178 |
| Retired Employees, Beneficiaries, and Dependents | <u>74</u> |
| Total | <u><u>252</u></u> |

Benefits Provided

The Town provides healthcare and life insurance benefits for retirees and their dependents for the duration of retirement. An employee hired before April 2, 2012 shall become eligible to retire under the Plan upon attainment of age 55 as an active member and completion of 10 years of service, or an employee shall be able to retire with 20 years of service regardless of age. Those hired on or after April 2, 2012 shall be eligible to retire upon attainment of age 60 with 10 years of creditable service. The benefit terms provide for payment of 50% of health insurance premiums and 50% of premiums for \$5,000 of term life insurance benefits for retirees.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health insurance contribution rates of Plan members and the Town are 50%, respectively. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town. During fiscal year 2020, the Town contributed \$425,000 to a separate OPEB fund, and as of June 30, 2020, the balance of the fund is \$1,960,208. This amount is reported as restricted fund balance in the general fund. In accordance with GASB Statement No. 74, this OPEB fund does not meet the criteria of an OPEB trust. In addition, the transfers made to the OPEB fund do not meet the criteria of being accounted for as contributions towards the Town's total OPEB obligation per GASB Statement No. 75.

Subsequent to June 30, 2020, the Town established a trust in accordance with GASB Statement No. 74.

Methods and Assumptions

The significant methods and assumptions used to measure the total OPEB liability as of the latest actuarial valuation are as follows:

| | |
|------------------------------|--|
| Discount Rate: | 2.66% (20-Year Municipal Bond Rate) |
| Inflation: | 2.50% annually |
| Healthcare Cost Trend Rates: | 4.50% |
| Pre-Retirement Mortality: | General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward one year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females. |
| Post-Retirement Mortality: | General: RP-2014 Mortality Table for Blue Collar Healthy Annuityants projected generationally with scale MP-2016 for males and females, set forward one year for females. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuityants projected generationally with scale MP-2016 for males and females. |
| Disabled Mortality: | General: RP-2014 Mortality Table for Blue Collar Healthy Annuityants projected generationally with scale MP-2016 for males and females, set forward one year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuityants projected generationally with scale MP-2016 for males and females. |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The Town's total OPEB liability of \$20,321,196 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

Changes in the Total OPEB Liability are as follows:

| | Increase (Decrease) Total OPEB Liability |
|--|---|
| Balance at July 1, 2019 | \$ 15,071,119 |
| Changes for the Year: | |
| Service Cost | 860,955 |
| Interest | 439,534 |
| Change in Assumptions | 3,804,532 |
| Differences Between Expected and Actual Experience | 503,823 |
| Benefits Payments | (358,767) |
| Net Changes | 5,250,077 |
| Balance at June 30, 2020 | \$ 20,321,196 |

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

The following presents the total OPEB liability calculated using the current discount rate of 2.66%, as well as what the total OPEB liability would be if it were calculated using a discount rate one percentage point lower (1.66%) or one percentage point higher (3.66%) than the current rate:

| | One Percent Decrease (1.66%) | Current Discount Rate (2.66%) | One Percent Increase (3.66%) |
|----------------------|------------------------------------|-------------------------------------|------------------------------------|
| Total OPEB Liability | \$ 24,507,265 | \$ 20,321,196 | \$ 17,043,298 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability calculated using the current healthcare cost trend rates (4.50%) as well as what the total OPEB liability would be if it were calculated using a discount rate one percentage point lower (3.50%) or one percentage point higher (5.50%) than the current rate:

| | One Percent Decrease | Current Trend Rate | One Percent Increase |
|----------------------|-------------------------|-----------------------|-------------------------|
| Total OPEB Liability | \$ 16,794,674 | \$ 20,321,196 | \$ 24,955,749 |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2020, the Town recognized OPEB expense of \$2,361,791. At June 30, 2020, the Town reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources |
|--|--------------------------------------|
| Differences Between Expected and Actual Experience | \$ 650,526 |
| Changes of Assumptions | 4,444,131 |
| Total | <u>\$ 5,094,657</u> |

The amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending June 30,</u> | Amount |
|-----------------------------|---------------------|
| 2021 | \$ 1,061,302 |
| 2022 | 1,061,302 |
| 2023 | 1,061,302 |
| 2024 | 929,176 |
| 2025 | 718,618 |
| Thereafter | 262,957 |
| Total | <u>\$ 5,094,657</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 FUND BALANCES

The constraints on fund balances as listed in aggregate in the Governmental Funds Balance Sheet are detailed as follows:

| | General | Community Preservation | Communications Project | Fire Truck | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------------------|---------------------|---------------------------|---------------------------|--------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | | | |
| Loans | \$ - | \$ - | \$ - | \$ - | \$ 15,936 | \$ 15,936 |
| Permanent Fund Principal | - | - | - | - | 186,820 | 186,820 |
| Total Nonspendable | - | - | - | - | 202,756 | 202,756 |
| Restricted for: | | | | | | |
| Community Preservation | - | 2,461,102 | - | - | - | 2,461,102 |
| Affordable Housing | - | - | - | - | 94,844 | 94,844 |
| Debt Service | 263,287 | - | - | - | - | 263,287 |
| School Lunch | - | - | - | - | 122,470 | 122,470 |
| Capital | - | - | - | - | 512,853 | 512,853 |
| General Government | - | - | - | - | 526,094 | 526,094 |
| Public Safety | - | - | - | - | 267,244 | 267,244 |
| Education | - | - | - | - | 557,961 | 557,961 |
| Public Works | - | - | - | - | 301,911 | 301,911 |
| Health and Human Services | - | - | - | - | 172,169 | 172,169 |
| Culture and Recreation | - | - | - | - | 518,002 | 518,002 |
| Other Postemployment Benefits | 1,960,208 | - | - | - | - | 1,960,208 |
| Total Restricted | 2,223,495 | 2,461,102 | - | - | 3,073,548 | 7,758,145 |
| Committed to: | | | | | | |
| Continuing Appropriations | 593,275 | - | - | - | - | 593,275 |
| Assigned to: | | | | | | |
| Encumbrances | 62,849 | - | - | - | - | 62,849 |
| Unassigned | 4,798,709 | - | (194,379) | (75,491) | (263,927) | 4,264,912 |
| Total | <u>\$ 7,678,328</u> | <u>\$ 2,461,102</u> | <u>\$ (194,379)</u> | <u>\$ (75,491)</u> | <u>\$ 3,012,377</u> | <u>\$ 12,881,937</u> |

NOTE 13 STABILIZATION FUNDS

The Town maintains a general stabilization fund that was established under MGL Chapter 40, Section 5B. Appropriations in and out of the stabilization fund require two-thirds vote of Town meeting. Investment income is retained by the fund.

The balance of the stabilization fund at June 30, 2020 totals \$1,197,778 and is reported as unassigned fund balance in the general fund.

NOTE 14 RISK FINANCING

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.

The Town participates in a premium-based health care plan for its active and retired employees. The Town also participates in a premium-based workers' compensation plan.

The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15 PENSION PLAN

General Information about the Pension Plan

Plan description. Employees of the Town deemed eligible by the Middlesex County Retirement Board are provided with pensions through the MCRS - a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex County Retirement Board.

The Town is only one member unit of the MCRS, which includes approximately seventy (70) municipal units and is a separate legal organization from the Town. It should be noted that decisions and votes related to the actuarial assumptions, discount rate, and asset allocation disclosed in this Pension Plan note are those of the MCRS Retirement Board, not the Town itself.

Membership in the MCRS is mandatory immediately upon the commencement of employment for all permanent employees (except for school department employees who serve in a teaching capacity) working a minimum of 20 hours per week. The MCRS issues a publicly available financial report that can be obtained by contacting the MCRS located at 25 Linnell Circle, Billerica, Massachusetts, 01821.

Benefits provided. The plan provides retirement, disability, and death benefits. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Retirement benefits are provided up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is calculated as 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. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension.

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

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Contributions. Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Active plan members contribute between 5 and 11% of their gross regular compensation. The contribution rate is based on the date plan membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Employers are required to pay an annual actuarially determined contribution that, when combined with employee contributions, is expected to finance the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the plan's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll. Contributions to the pension plan from the Town were \$991,823 for the year ended June 30, 2020.

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

At June 30, 2020, the Town reported a liability of \$11,101,958 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 for which procedures were used to roll back the total pension liability to the measurement date. The Town proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll, direct charges for early retirement incentives, and the direct amortization of the actuarially determined net pension liability for employer members that no longer have active covered payroll.

At December 31, 2019, the Town's proportion was 0.693848%. At December 31, 2018, the Town's proportion was 0.715446%.

For the year ended June 30, 2020, the Town recognized pension expense of \$1,751,582. At June 30, 2020, the Town reported deferred outflows of resources related to pensions of \$1,648,345, consisting of differences between expected and actual experience (\$270,134), changes of assumptions (\$764,548) and changes in proportion (\$613,663). At June 30, 2020, the Town reported deferred inflows of resources related to pensions of \$758,740, consisting of differences between expected and actual experience (\$25,143), differences between projected and actual investment earnings on pension plan investments (\$288,095) and changes in proportion (\$445,502).

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2021 | \$ 416,985 |
| 2022 | 207,138 |
| 2023 | 300,298 |
| 2023 | (34,816) |
| Total | <u>\$ 889,605</u> |

Actuarial assumptions. The total pension liability was determined using the following actuarial assumptions:

| | |
|----------------------------|--|
| Inflation Rate: | 3.25% |
| Salary Increases: | Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2, and 4.50% for Group 4. |
| Mortality Rates: | Pre-Retirement – RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017. Post-Retirement – RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017. Disabled Retiree – RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017. |
| Investment Rate of Return: | 7.30%, Net of pension plan investment expense, including inflation. |

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.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2020 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------------|--------------------------|---|
| Domestic Equity | 21.0 % | 6.2 % |
| International Equity | 13.0 | 6.8 |
| Emerging Markets Equity | 5.0 | 8.7 |
| Core Fixed Income | 15.0 | 1.1 |
| Value-Added Fixed Income | 8.0 | 3.5 |
| Real Estate | 10.0 | 4.3 |
| Commodities | 4.0 | 4.1 |
| Hedge Funds, GTAA, Risk Parity | 11.0 | 3.2 |
| Private Equity | 13.0 | 10.0 |
| Total | <u>100.0 %</u> | |

Discount rate. The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. 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 Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.30%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.30%) or one-percentage-point higher (8.30%) than the current rate:

| | <u>One Percent Decrease (6.30%)</u> | <u>Current Discount Rate (7.30%)</u> | <u>One Percent Increase (8.30%)</u> |
|---|-------------------------------------|--------------------------------------|-------------------------------------|
| Town of Carlisle's Proportionate Share of the Net Pension Liability | <u>\$ 13,643,427</u> | <u>\$ 11,101,958</u> | <u>\$ 8,963,377</u> |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MCRS financial report, which can be found at <https://middlesexretirement.org/>.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

General Information about the Pension Plan

Plan description. Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts of Massachusetts' (Commonwealth of Massachusetts) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth of Massachusetts's audited financial statements that can be obtained at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

Benefits provided. MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

Contributions. The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

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. 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 of Massachusetts is a nonemployer contributing entity in MTRS.

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

Since the Town does not contribute directly to MTRS, the Town does not report a proportionate share of the net pension liability of the MTRS at June 30, 2020. The Commonwealth of Massachusetts's net pension liability associated with the Town was \$26,362,287.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and
Deferred Inflows of Resources Related to Pensions (Continued)**

The MTRS' net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019.

For the year ended June 30, 2020, the Town recognized pension expense of \$3,196,885 associated with MTRS and revenue of the same amount for support provided by the Commonwealth of Massachusetts.

Actuarial assumptions. The MTRS' total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019. This valuation used the following assumptions:

| | |
|----------------------------|---|
| Investment Rate of Return: | 7.25% |
| Salary Increases: | Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service. |
| Mortality Rates: | Pre-retirement – Reflects RP-2014 White Collar Employees Table projected generationally with Scale MP-2016 (gender distinct). Post-retirement – Reflects RP-2014 Healthy Annuitant Table projected generationally with Scale MP-2016 (gender distinct). Disability – Assumed to be in accordance with the RP-2014 White Collar Healthy Annuitant Table projected generationally with Scale MP-2016 (gender distinct). |
| Other: | 3.5%, Interest rate credited to the annuity savings fund. 3.0%, Cost of living increase per year. |

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 rates of return 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 rates of return by the target asset allocation percentage.

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2019 are summarized in the following table. The geometric rate of return is primarily used for investments that are compounded. It is used to calculate average rate per period on investments that are compounded over multiple periods.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued)**

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|------------------------------|---|
| Global Equity | 39.00 % | 4.9 % |
| Core Fixed Income | 15.00 | 1.3 |
| Private Equity | 13.00 | 8.2 |
| Portfolio Completion Strategies | 11.00 | 3.9 |
| Real Estate | 10.00 | 3.6 |
| Value Added Fixed Income | 8.00 | 4.7 |
| Timberland/Natural Resources | 4.00 | 4.1 |
| Total | <u>100.00 %</u> | |

Discount rate. The discount rate used to measure the MTRS' total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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.

Pension plan fiduciary net position. Detailed information about the MTRS' fiduciary net position is available in the Commonwealth of Massachusetts's audited financial statements.

NOTE 17 COMMITMENTS

The Town contracts with Wheelabrator, Inc. to dispose of solid waste and make certain payments (i.e., tipping fees) for such disposal at Wheelabrator, Inc.'s facility. The tipping fees payable under the contract for fiscal year 2020 were \$69.54/ton and totaled approximately \$128,000. Future tipping fees payable under the contract are as follows:

| <u>Fiscal Year</u> | <u>Tipping Fee (Per Ton)</u> |
|--------------------|----------------------------------|
| 2021 | \$ 85.00 |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 18 CONTINGENCIES

Various legal actions and claims are pending against the Town. 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, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2020.

The Town participates in a number of federal award programs. The programs are 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 the Town expects such amounts, if any, to be immaterial.

**TOWN OF CARLISLE, MASSACHUSETTS
GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

| | Prior Year Encumbrances and Continuing Appropriations | Original Budget | Supplemental Appropriations and Transfers | Final Budget |
|--|--|---------------------|---|---------------------|
| REVENUES | | | | |
| Real Estate and Personal Property Taxes | \$ - | \$ 28,573,389 | \$ - | \$ 28,573,389 |
| Motor Vehicle and Other Excise Taxes | - | 950,000 | - | 950,000 |
| Payments in Lieu of Taxes | - | 7,000 | - | 7,000 |
| Intergovernmental | - | 1,417,047 | - | 1,417,047 |
| Penalties and Interest on Taxes | - | 49,000 | - | 49,000 |
| Licenses and Permits | - | 137,000 | - | 137,000 |
| Fines and Forfeitures | - | 4,000 | - | 4,000 |
| Departmental and Other | - | 117,000 | - | 117,000 |
| Investment Income | - | 13,000 | - | 13,000 |
| Total Revenues | <u>-</u> | <u>31,267,436</u> | <u>-</u> | <u>31,267,436</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 445,803 | 2,075,174 | 7,558 | 2,528,535 |
| Public Safety | 110,192 | 2,876,648 | (9,650) | 2,977,190 |
| Education | 179,095 | 19,519,405 | 69,448 | 19,767,948 |
| Public Works | 107 | 1,218,365 | 42,017 | 1,260,489 |
| Health and Human Services | 15,209 | 360,517 | 5,035 | 380,761 |
| Culture and Recreation | 91,209 | 841,059 | 5,889 | 938,157 |
| Pension Benefits | - | 991,823 | - | 991,823 |
| Employee Benefits | - | 1,423,864 | (22,418) | 1,401,446 |
| Property and Liability Insurance | 60,748 | 240,000 | (35,748) | 265,000 |
| State and County Charges | - | 70,776 | - | 70,776 |
| Debt Service: | | | | |
| Principal | - | 1,018,736 | (338,736) | 680,000 |
| Interest | - | 499,192 | (77,076) | 422,116 |
| Total Expenditures | <u>902,363</u> | <u>31,135,559</u> | <u>(353,681)</u> | <u>31,684,241</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (902,363) | 131,877 | 353,681 | (416,805) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | 74,945 | - | 74,945 |
| Transfers Out | - | (425,000) | (353,681) | (778,681) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(350,055)</u> | <u>(353,681)</u> | <u>(703,736)</u> |
| NET CHANGE IN FUND BALANCE | (902,363) | (218,178) | - | (1,120,541) |
| Fund Balance - Beginning of Year | <u>4,387,793</u> | <u>4,387,793</u> | <u>4,387,793</u> | <u>4,387,793</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 3,485,430</u> | <u>\$ 4,169,615</u> | <u>\$ 4,387,793</u> | <u>\$ 3,267,252</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2020**

| Actual | Current Year Encumbrances and Continuing Appropriations | Actual and Encumbrances and Continuing Appropriations | Variance Positive/ (Negative) |
|---------------------|--|--|-------------------------------------|
| \$ 28,418,118 | \$ - | \$ 28,418,118 | \$ (155,271) |
| 1,039,544 | - | 1,039,544 | 89,544 |
| 6,694 | - | 6,694 | (306) |
| 1,426,033 | - | 1,426,033 | 8,986 |
| 54,587 | - | 54,587 | 5,587 |
| 128,063 | - | 128,063 | (8,937) |
| 5,474 | - | 5,474 | 1,474 |
| 95,667 | - | 95,667 | (21,333) |
| 25,724 | - | 25,724 | 12,724 |
| <u>31,199,904</u> | <u>-</u> | <u>31,199,904</u> | <u>(67,532)</u> |
| 1,848,660 | 480,751 | 2,329,411 | 199,124 |
| 2,811,255 | 52,432 | 2,863,687 | 113,503 |
| 19,489,763 | 61,535 | 19,551,298 | 216,650 |
| 1,141,329 | 1,431 | 1,142,760 | 117,729 |
| 339,683 | 18,654 | 358,337 | 22,424 |
| 822,502 | 21,321 | 843,823 | 94,334 |
| 991,823 | - | 991,823 | - |
| 1,223,952 | 20,000 | 1,243,952 | 157,494 |
| 258,614 | - | 258,614 | 6,386 |
| 70,776 | - | 70,776 | - |
| 680,000 | - | 680,000 | - |
| 421,116 | - | 421,116 | 1,000 |
| <u>30,099,473</u> | <u>656,124</u> | <u>30,755,597</u> | <u>928,644</u> |
| 1,100,431 | (656,124) | 444,307 | 861,112 |
| 85,259 | - | 85,259 | 10,314 |
| <u>(778,681)</u> | <u>-</u> | <u>(778,681)</u> | <u>-</u> |
| <u>(693,422)</u> | <u>-</u> | <u>(693,422)</u> | <u>10,314</u> |
| 407,009 | (656,124) | (249,115) | 871,426 |
| <u>4,387,793</u> | <u>4,387,793</u> | <u>4,387,793</u> | <u>-</u> |
| <u>\$ 4,794,802</u> | <u>\$ 3,731,669</u> | <u>\$ 4,138,678</u> | <u>\$ 871,426</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND – SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

| | Prior Year Encumbrances and Continuing Appropriations | Original Budget | Supplemental Appropriations and Transfers | Final Budget |
|--|--|--------------------|---|-----------------|
| REVENUES | | | | |
| Community Preservation Surcharges | \$ - | \$ 489,000 | \$ - | \$ 489,000 |
| Penalties and Interest on Taxes | - | - | - | - |
| Intergovernmental | - | 55,000 | - | 55,000 |
| Investment income | - | 1,000 | - | 1,000 |
| Total Revenues | - | 545,000 | - | 545,000 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administrative | - | 20,000 | - | 20,000 |
| Acquisitions and Projects | 658,200 | 402,071 | - | 1,060,271 |
| Total Expenditures | 658,200 | 422,071 | - | 1,080,271 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | (658,200) | 122,929 | - | (535,271) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 49,470 | 49,470 |
| NET CHANGE IN FUND BALANCE | | | | |
| | (658,200) | 122,929 | 49,470 | (485,801) |
| Fund Balance - Beginning of Year | 1,811,784 | 1,811,784 | 1,811,784 | 1,811,784 |
| FUND BALANCE - END OF YEAR | | | | |
| | \$ 1,153,584 | \$ 1,934,713 | \$ 1,861,254 | \$ 1,325,983 |

**TOWN OF CARLISLE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND – SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2020**

| <u>Actual</u> | <u>Current Year Encumbrances and Continuing Appropriations</u> | <u>Actual and Encumbrances and Continuing Appropriations</u> | <u>Variance Positive/ (Negative)</u> |
|---------------------|--|--|--|
| \$ 489,374 | \$ - | \$ 489,374 | \$ 374 |
| 876 | - | 876 | 876 |
| 112,971 | - | 112,971 | 57,971 |
| 731 | - | 731 | (269) |
| <u>603,952</u> | <u>-</u> | <u>603,952</u> | <u>58,952</u> |
| - | - | - | 20,000 |
| 4,104 | 872,125 | 876,229 | 184,042 |
| <u>4,104</u> | <u>872,125</u> | <u>876,229</u> | <u>204,042</u> |
| 599,848 | (872,125) | (272,277) | 262,994 |
| 49,470 | - | 49,470 | - |
| 649,318 | (872,125) | (222,807) | 262,994 |
| <u>1,811,784</u> | <u>1,811,784</u> | <u>1,811,784</u> | <u>-</u> |
| <u>\$ 2,461,102</u> | <u>\$ 939,659</u> | <u>\$ 1,588,977</u> | <u>\$ 262,994</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

The following schedules provide information related to the Middlesex County Retirement System as a whole, for which the Town is one participating employer:

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (A)(B)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Town's Proportion of the Net Pension Liability | 0.693848% | 0.715446% | 0.664872% | 0.704972% | 0.690901% | 0.665000% |
| Town's Proportionate Share of the Net Pension Liability | <u>\$ 11,101,958</u> | <u>\$ 11,157,139</u> | <u>\$ 9,435,767</u> | <u>\$ 9,988,584</u> | <u>\$ 8,912,755</u> | <u>\$ 7,984,515</u> |
| Town's Covered Payroll | <u>\$ 5,787,456</u> | <u>\$ 5,350,293</u> | <u>\$ 5,141,785</u> | <u>\$ 5,103,107</u> | <u>\$ 4,723,787</u> | <u>\$ 4,542,103</u> |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 191.83% | 208.53% | 183.51% | 195.74% | 188.68% | 175.79% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 49.45% | 46.40% | 49.27% | 45.49% | 46.13% | 47.65% |

- (A) The amounts presented were determined as of December 31 within the applicable fiscal year.
 (B) Data is being accumulated annually to present 10 years of the reported information.

SCHEDULE OF TOWN CONTRIBUTIONS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially Required Contribution | \$ 991,823 | \$ 932,452 | \$ 877,464 | \$ 820,032 | \$ 771,117 | \$ 726,609 |
| Contributions in Relation to the Actuarially Required Contribution | <u>(991,823)</u> | <u>(932,452)</u> | <u>(877,464)</u> | <u>(820,032)</u> | <u>(771,117)</u> | <u>(726,609)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> |
| Town's Covered Payroll | <u>\$ 5,787,456</u> | <u>\$ 5,350,293</u> | <u>\$ 5,141,785</u> | <u>\$ 5,103,107</u> | <u>\$ 4,723,787</u> | <u>\$ 4,542,103</u> |
| Contributions as a Percentage of Covered Payroll | 17.14% | 17.43% | 17.07% | 16.07% | 16.32% | 16.00% |

See accompanying Notes to Required Supplementary Information.

**TOWN OF CARLISLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (A)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Town's Proportion of the Net Pension Liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Town's Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Commonwealth's Proportionate Share of the Pension Liability Associated with the Town | 26,362,287 | 24,607,936 | 24,648,235 | 23,131,262 | 21,627,992 | 16,985,552 |
| Total | <u>\$ 26,362,287</u> | <u>\$ 24,607,936</u> | <u>\$ 24,648,235</u> | <u>\$ 23,131,262</u> | <u>\$ 21,627,992</u> | <u>\$ 16,985,552</u> |
| Town's Covered Payroll | <u>\$ 7,608,549</u> | <u>\$ 7,288,471</u> | <u>\$ 7,313,538</u> | <u>\$ 6,805,176</u> | <u>\$ 6,691,077</u> | <u>\$ 6,551,624</u> |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | N/A | N/A | N/A | N/A | N/A | N/A |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 53.95% | 54.84% | 54.25% | 52.73% | 55.38% | 61.64% |

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS –
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (A)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually Required Contribution | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in Relation to the Contractually Required Contribution | - | - | - | - | - | - |
| Contribution Deficiency (Excess) | <u>\$ -</u> |
| Town's Covered Payroll | <u>\$ 7,608,549</u> | <u>\$ 7,288,471</u> | <u>\$ 7,313,538</u> | <u>\$ 6,805,176</u> | <u>\$ 6,691,077</u> | <u>\$ 6,551,624</u> |
| Contributions as a Percentage of Covered Payroll | N/A | N/A | N/A | N/A | N/A | N/A |

(A) The Commonwealth of Massachusetts is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, the Town does not report a proportion of the net pension liability and does not make any contributions.

**TOWN OF CARLISLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY (A)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|----------------------------|
| TOTAL OPEB LIABILITY | | | |
| Service Cost | \$ 860,955 | \$ 717,641 | \$ 569,334 |
| Interest on Unfunded Liability | 439,534 | 375,714 | 399,944 |
| Change in Assumptions | 3,804,532 | 1,375,839 | 586,994 |
| Differences Between Expected and Actual Experience | 503,823 | - | 436,999 |
| Benefits Payments | <u>(358,767)</u> | <u>(291,776)</u> | <u>(243,610)</u> |
| NET CHANGE IN TOTAL OPEB LIABILITY | <u>5,250,077</u> | <u>2,177,418</u> | <u>1,749,661</u> |
| | | | |
| Total OPEB Liability - Beginning of Year | <u>15,071,119</u> | <u>12,893,701</u> | <u>11,144,040</u> |
| | | | |
| TOTAL OPEB LIABILITY - END OF YEAR | <u><u>\$20,321,196</u></u> | <u><u>\$15,071,119</u></u> | <u><u>\$12,893,701</u></u> |

(A) Data is being accumulated annually to present 10 years of the reported information.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE A BUDGETARY – GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth of Massachusetts) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund and community preservation fund (CPA) for the fiscal year ended June 30, 2020 is presented below:

General Fund

| | <u>Revenues</u> | <u>Expenditures</u> | <u>Other Financing Sources (Uses)</u> |
|--|----------------------|----------------------|---|
| Budgetary Basis as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual | \$ 31,199,904 | \$ 30,755,597 | \$ (693,422) |
| Reclassifications: | | | |
| Activity of Stabilization and OPEB Funds Recorded in the General Fund for GAAP Purposes | 71,119 | - | 425,000 |
| Revenue and Expense Related to MTRS per GASB 68 Special Funding Requirements | 3,196,885 | 3,196,885 | - |
| Adjustments: | | | |
| Net Change in Recording 60-Day Receipts | 78,909 | - | - |
| To Record Encumbrances and Continuing Appropriations | - | (656,124) | - |
| To Record ATB Liability | (94,359) | - | - |
| Net Change in Recording Short-Term Interest Accrual | - | 16,419 | - |
| Net Change in Recording Worker's Compensation | - | 64,070 | - |
| | <u>\$ 34,452,458</u> | <u>\$ 33,376,847</u> | <u>\$ (268,422)</u> |

CPA Fund

| | <u>Expenditures</u> |
|--|---------------------|
| Budgetary Basis as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual | \$ 876,229 |
| Adjustments | |
| To Record Encumbrances and Continuing Appropriations | <u>(872,125)</u> |
| GAAP Basis as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances | <u>\$ 4,104</u> |

