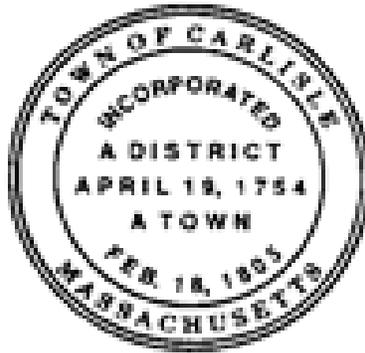


TOWN OF CARLISLE, MASSACHUSETTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023



TOWN OF CARLISLE, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

To the Select Board
Town of Carlisle, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Carlisle, Massachusetts (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Carlisle, Massachusetts, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Governmental Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund and Community Preservation Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in

accordance with 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 evidence sufficient 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 February 7, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Marcum LLP

Andover, MA
February 7, 2024

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

As management of the Town of Carlisle, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows and inflows 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 is improving or deteriorating.

The Statement of Activities presents information showing how the Town'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 and earned but unused vacation leave).

The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, and interest.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into two categories: governmental funds and fiduciary funds.

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Reconciliations are provided to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. 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.

Notes to 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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- At the end of the current fiscal year, net position in governmental activities was \$21,252,150, a change of \$2,559,788.
- At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$15,359,093, a change of \$2,529,734 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,883,970 a change of \$578,760 in comparison to the prior year.

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal year:

Net Position (in Thousands)

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	\$ 19,813	\$ 17,044
Capital assets	<u>42,012</u>	<u>42,545</u>
Total Assets	<u>61,825</u>	<u>59,589</u>
Deferred Outflows of Resources	<u>5,666</u>	<u>4,427</u>
Liabilities		
Other liabilities	3,983	22,960
Long-term liabilities	<u>35,401</u>	<u>12,472</u>
Total Liabilities	<u>39,384</u>	<u>35,432</u>
Deferred Inflows of Resources	<u>6,855</u>	<u>9,892</u>
Net Position		
Net investment in capital assets	30,864	30,269
Restricted	6,997	6,481
Unrestricted	<u>(16,609)</u>	<u>(18,058)</u>
Total Net Position	<u>\$ 21,252</u>	<u>\$ 18,692</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$21,252,150, a change of \$2,559,788 in comparison to the prior year.

The largest portion of net position \$30,863,679 reflects our investment in capital assets (e.g., land, construction in progress, intangible assets, land improvements, buildings and improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$6,997,136, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(16,608,665) primarily resulting from unfunded pension and OPEB liabilities.

Changes in Net Position (in Thousands)

	Governmental Activities	
	2023	2022
Revenues		
Program revenues		
Charges for services	\$ 1,692	\$ 1,418
Operating grants and contributions	7,055	4,539
Capital grants and contributions	448	55
General revenues		
Property taxes	30,345	29,238
Excises	1,007	982
Penalties, interest, and other taxes	111	71
Grants and contributions not restricted to specific programs	254	798
Investment income	209	7
Miscellaneous	713	6
Total Revenues	<u>41,834</u>	<u>37,114</u>
Expenses		
General government	3,579	3,049
Public safety	4,002	4,809
Education	25,209	24,535
Public works	4,047	2,216
Health and human services	909	814
Culture and recreation	1,192	1,262
Interest on long-term debt	336	127
Total Expenses	<u>39,274</u>	<u>36,812</u>
Change in Net Position	2,560	302
Net Position - Beginning of Year	<u>18,692</u>	<u>18,390</u>
Net Position - End of Year	<u>\$ 21,252</u>	<u>\$ 18,692</u>

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$2,559,788. Key elements of this change are as follows:

General Fund operations	\$ 1,493,886
Community Preservation Fund operations	311,811
Capital grants and contributions	448,298
Depreciation expense in excess of debt service	(409,748)
Current period revenues used for capital assets	572,660
Change in pension expense from GASB 68	(623,268)
Change in OPEB expense from GASB 75	123,583
Other	<u>642,566</u>
	<u>\$ 2,559,788</u>

Financial Analysis of Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$15,359,093, a change of \$2,529,734 in comparison to the prior year.

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,883,970, while total fund balance was \$8,165,520. Unassigned fund balance increased by \$578,760 primarily from favorable budgetary results of \$1,356,825, less \$374,019 of free cash appropriated in the May 2023 Annual Town meeting used to supplement the 2023 budget for capital items, and \$715,000 of free cash used for the fiscal year 2024 budget for reduction in taxes and capital items. 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 expenditures. Refer to the table below.

General Fund	6/30/23	6/30/22	Change	% of General Fund Expenditures**
Unassigned fund balance*	\$ 5,883,970	\$ 5,305,210	\$ 578,760	18.1%
Total fund balance	\$ 8,165,520	\$ 6,671,634	\$ 1,493,886	25.2%

*These figures include the general stabilization fund.

**Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts Teachers Retirement System of \$2,032,652.

The total fund balance of the General Fund changed by \$1,493,886 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 614,282
Expenditures less than budget	522,361
Other financing sources greater than budget	220,182
Use of free cash	(374,019)
Change in carryforwards	200,126
Change in stabilization funds	50,383
Other	260,571
	<u>\$ 1,493,886</u>

Included in the total fund balance of the General Fund is the Town's stabilization account with the following balances:

	6/30/23	6/30/22	Change
General stabilization	\$ 1,254,487	\$ 1,204,104	\$ 50,383

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Community Preservation Fund

The fund balance of the Community Preservation Fund (major governmental fund) changed by \$311,811, primarily due to operating revenues largely offset by continued expenditures on community preservation projects, most notably the castle playground in 2023.

American Rescue Plan Act Fund

The fund balance of the American Rescue Plan Act (ARPA) Fund (major governmental fund) did not change in fiscal year 2023, as the recognition of revenues offset the corresponding COVID-19 related expenditures.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$724,037, primarily from timing difference between the receipt and disbursement of grant funds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$374,019, due to Article 12 of the May 2023 Annual Town Meeting. This article was funded by free cash and is for the capital equipment. Budgeted revenues and expenditures were comparable to actual revenues and expenditures.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for at year-end amounted to \$42,012,013 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, intangible assets, land improvements, buildings and improvements, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- \$572,660 for machinery and equipment.
- \$445,423 for various improvements to the Town's infrastructure of roads.
- \$(1,537,242) of depreciation.

Additional information on capital assets can be found in the Notes to Financial Statements.

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Long-Term Debt

At the end of the current fiscal year, total bonds and loans payable outstanding, including unamortized premiums, were \$11,344,771, all of which was backed by the full faith and credit of the Town.

The Town maintained their Aa1 rating from Moody's for general obligation debt.

Additional information on long-term debt can be found in the Notes to Financial Statements.

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 the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Carlisle, Massachusetts
66 Westford Street
Carlisle, MA 01741

TOWN OF CARLISLE, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and short-term investments	\$ 17,240,533
Investments	1,717,924
Receivables, net of allowance for uncollectibles:	
Property taxes	331,615
Excises	67,647
Intergovernmental	267,261
Departmental and other	<u>42,558</u>
Total Current Assets	<u>19,667,538</u>
Noncurrent Assets	
Receivables, net of allowance for uncollectibles:	
Property taxes	145,255
Note receivable	--
Capital assets:	
Nondepreciable capital assets	13,796,012
Other capital assets, net of accumulated depreciation	<u>28,216,001</u>
Total Noncurrent Assets	<u>42,157,268</u>
Total Assets	<u>61,824,806</u>
Deferred Outflows of Resources	
Related to pension	3,094,895
Related to OPEB	<u>2,571,173</u>
Total Deferred Outflows of Resources	<u>5,666,068</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CARLISLE, MASSACHUSETTS

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2023

	<u>Governmental Activities</u>
Liabilities	
Current Liabilities	
Accounts payable	1,018,888
Accrued liabilities	1,677,692
Unearned revenue	1,139,036
Tax refunds payable	95,614
Other current liabilities	51,542
Current portion of long-term liabilities	
Bonds payable	1,110,649
Compensated absences liability	119,577
Total Current Liabilities	<u>5,212,998</u>
Noncurrent Liabilities	
Bonds payable, net of current portion	10,234,122
Compensated absences liability, net of current portion	114,963
Net pension liability	13,493,696
Net OPEB liability	10,328,015
Total Noncurrent Liabilities	<u>34,170,796</u>
Total Liabilities	<u>39,383,794</u>
Deferred Inflows of Resources	
Related to pension	139,850
Related to OPEB	6,715,080
Total Deferred Inflows of Resources	<u>6,854,930</u>
Net Position	
Net investment in capital assets	30,863,679
Restricted for:	
Grants and other statutory restrictions:	
Community Preservation Funds	3,223,507
PEG Access	431,251
Revolving Funds	1,052,354
EDCO Closing Grant	230,186
School Lunch	395,250
Ambulance	270,045
Affordable Housing	380,697
Other	452,611
Endowment funds:	
Nonexpendable	87,849
Expendable	473,386
Unrestricted	<u>(16,608,665)</u>
Total Net Position	<u>\$ 21,252,150</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CARLISLE, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
General government	\$ 3,579,054	\$ 228,786	\$ 1,152,306	\$ --	\$ (2,197,962)
Public safety	4,001,497	719,963	57,641	--	(3,223,893)
Education	25,209,350	143,314	5,608,378	--	(19,457,658)
Public works	4,047,407	77,122	185,827	448,298	(3,336,160)
Health and human services	909,281	140,706	78,483	--	(690,092)
Culture and recreation	1,191,495	382,698	(27,647)	--	(836,444)
Interest on long-term debt	336,180	--	--	--	(336,180)
Total Governmental Activities	<u>\$ 39,274,264</u>	<u>\$ 1,692,589</u>	<u>\$ 7,054,988</u>	<u>\$ 448,298</u>	(30,078,389)
General Revenues					
					30,344,753
					1,006,950
					111,085
					254,114
					208,605
					<u>712,670</u>
Total General Revenues					<u>32,638,177</u>
Change in Net Position					2,559,788
Net Position					
					<u>18,692,362</u>
					<u>\$ 21,252,150</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CARLISLE, MASSACHUSETTS

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2023

		General Fund	Community Preservation Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and short-term investments	\$	10,362,487	\$ 2,145,209	\$ 1,169,372	\$ 3,563,465	\$ 17,240,533
Investments		9,852	1,078,327	--	629,745	1,717,924
Receivables:						
Property taxes		471,369	5,501	--	--	476,870
Excises		67,647	--	--	--	67,647
Intergovernmental		--	--	--	267,261	267,261
Departmental and other		7,612	--	--	34,946	42,558
Total Assets	\$	10,918,967	\$ 3,229,037	\$ 1,169,372	\$ 4,495,417	\$ 19,812,793
Liabilities						
Accounts payable	\$	511,543	\$ 29	\$ 30,336	476,980	\$ 1,018,888
Accrued liabilities		1,548,121	--	--	17,710	1,565,831
Unearned revenue		--	--	1,139,036	--	1,139,036
Tax refunds payable		95,614	--	--	--	95,614
Other liabilities		51,542	--	--	--	51,542
Total Liabilities		2,206,820	29	1,169,372	494,690	3,870,911
Deferred Inflows of Resources						
Unavailable revenues		546,627	5,501	--	30,661	582,789
Fund Balances						
Nonspendable		--	--	--	87,849	87,849
Restricted		--	3,223,507	--	3,882,217	7,105,724
Committed		1,799,044	--	--	--	1,799,044
Assigned		482,506	--	--	--	482,506
Unassigned		5,883,970	--	--	--	5,883,970
Total Fund Balances		8,165,520	3,223,507	--	3,970,066	15,359,093
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	10,918,967	\$ 3,229,037	\$ 1,169,372	\$ 4,495,417	\$ 19,812,793

The accompanying notes are an integral part of these financial statements.

TOWN OF CARLISLE, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2023

Total Governmental Fund Balances	\$ 15,359,093
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	42,012,013
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	3,094,895
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	2,571,173
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	582,789
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Bonds payable	(11,344,771)
Net pension liability	(13,493,696)
Net OPEB liability	(10,328,015)
Compensated absences liability	(234,540)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(139,850)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	(6,715,080)
Other.	<u>(111,861)</u>
Net Position of Governmental Activities	<u>\$ 21,252,150</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CARLISLE, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Community Preservation Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 30,046,765	\$ 526,454	\$ --	\$ --	\$ 30,573,219
Excises	1,047,085	--	--	--	1,047,085
Penalties, interest, and other taxes	109,980	1,105	--	--	111,085
Charges for services	90,747	--	--	1,388,915	1,479,662
Intergovernmental	3,923,169	193,480	409,456	3,283,856	7,809,961
Licenses and permits	172,337	--	--	--	172,337
Fines and forfeitures	765	--	--	--	765
Investment income	166,729	26,160	--	15,717	208,606
Miscellaneous	128,630	--	--	386,514	515,144
Total Revenues	<u>35,686,207</u>	<u>747,199</u>	<u>409,456</u>	<u>5,075,002</u>	<u>41,917,864</u>
Expenditures					
Current					
General government	2,183,422	350,388	232,983	417,574	3,184,367
Public safety	3,283,851	--	--	260,205	3,544,056
Education	21,896,737	--	22,472	2,338,741	24,257,950
Public works	1,307,786	--	--	513,023	1,820,809
Health and human services	409,056	--	116,434	192,146	717,636
Culture and recreation	885,680	--	--	376,204	1,261,884
Employee benefits	3,110,955	--	37,567	64,890	3,213,412
Debt service					
Principal	940,000	--	--	--	940,000
Interest	391,438	--	--	--	391,438
Intergovernmental	56,578	--	--	--	56,578
Total Expenditures	<u>34,465,503</u>	<u>350,388</u>	<u>409,456</u>	<u>4,162,783</u>	<u>39,388,130</u>
Excess of Revenues Over Expenditures	<u>1,220,704</u>	<u>396,811</u>	<u>--</u>	<u>912,219</u>	<u>2,529,734</u>
Other Financing Sources (Uses)					
Transfers in	273,182	--	--	85,000	358,182
Transfers out	--	(85,000)	--	(273,182)	(358,182)
Total Other Financing Sources (Uses)	<u>273,182</u>	<u>(85,000)</u>	<u>--</u>	<u>(188,182)</u>	<u>--</u>
Change in Fund Balance	1,493,886	311,811	--	724,037	2,529,734
Fund Balance, at Beginning of Year	<u>6,671,634</u>	<u>2,911,696</u>	<u>--</u>	<u>3,246,029</u>	<u>12,829,359</u>
Fund Balance, at End of Year	<u>\$ 8,165,520</u>	<u>\$ 3,223,507</u>	<u>\$ --</u>	<u>\$ 3,970,066</u>	<u>\$ 15,359,093</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CARLISLE, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2023

Net Changes in Fund Balances - Total Governmental Funds \$ 2,529,734

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	1,035,434
Net effect from disposal of assets	(30,897)
Depreciation	(1,537,242)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds.

Neither transaction, however, has any effect on net position:

Repayments of general obligation bonds	940,000
Bond premium amortization	187,494

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for certain types of accounts receivable (i.e., real estate, personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue. (248,746)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in pension expense from GASB 68	(623,268)
Change in OPEB expense from GASB 75	123,583
Change in compensated absences liability	128,438
Change in accrued interest expense	55,258

Change in Net Position of Governmental Activities \$ 2,559,788

The accompanying notes are an integral part of these financial statements.

TOWN OF CARLISLE, MASSACHUSETTS

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	OPEB Trust Fund	Private Purpose Trust Funds	Custodial Funds
Assets			
Cash and short-term investments	\$ 10,409	\$ 5,976	\$ 35,272
Investments:			
Corporate bonds	--	158,252	--
Corporate equities	301,125	33,561	--
Equity mutual funds	1,855,268	--	--
Fixed income mutual funds	622,935	2,533	--
U.S. Treasury	--	98,409	--
	<u>2,779,328</u>	<u>292,755</u>	<u>--</u>
Total Investments			
	<u>2,779,328</u>	<u>292,755</u>	<u>--</u>
Total Assets	<u>2,789,737</u>	<u>298,731</u>	<u>35,272</u>
Net Position			
Restricted for OPEB	2,789,737	--	--
Restricted for other purposes	--	298,731	35,272
	<u>--</u>	<u>298,731</u>	<u>35,272</u>
Total Net Position	<u>\$ 2,789,737</u>	<u>\$ 298,731</u>	<u>\$ 35,272</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CARLISLE, MASSACHUSETTS

FIDUCIARY FUNDS STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2023

	OPEB Trust Fund	Private Purpose Trust Funds	Custodial Funds
Additions			
Employer contributions	\$ 575,650	\$ --	\$ --
Investment income (loss), net	210,814	7,039	5
Other	<u>--</u>	<u>--</u>	<u>11,789</u>
Total Additions	<u>786,464</u>	<u>7,039</u>	<u>11,794</u>
Deductions			
Benefit payments to plan members and beneficiaries	360,650	--	--
Other	<u>--</u>	<u>2,250</u>	<u>4,079</u>
Total Deductions	<u>360,650</u>	<u>2,250</u>	<u>4,079</u>
Change in Net Position	425,814	4,789	7,715
Restricted Net Position			
Beginning of Year	<u>2,363,923</u>	<u>293,942</u>	<u>27,557</u>
End of Year	<u>\$ 2,789,737</u>	<u>\$ 298,731</u>	<u>\$ 35,272</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Carlisle, Massachusetts (the Town) conform accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town:

REPORTING ENTITY

The Town is a municipal corporation governed by an elected Select Board. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2023, it was determined that no entities met the component unit requirements of GASB 14 (as amended).

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Community Preservation Fund* is used to account for revenues and expenditures related to the levy of property tax surcharge that is authorized by the Community Preservation Act. This fund was established by the Town for the purpose of acquiring open land for conservation, developing affordable housing, and preserving historical property.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Fund Financial Statements (Continued)

- The *American Rescue Plan Act Fund* is used to account for revenues and expenditures related to the American Rescue Plan Act grant.

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

The Town reports the following fiduciary funds:

- The *Other Post-Employment Benefit Trust Fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- The *Private Purpose Trust Funds* are used to account for trust arrangements, under which principal and investment income exclusively benefit individuals or private organizations.
- The *Custodial Funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere in the financial statements.

CASH AND INVESTMENTS

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, savings accounts, and money market accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments".

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND INVESTMENTS (CONTINUED)

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

The Town invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. This cash portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, where investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

PROPERTY TAX LIMITATIONS

Legislation known as “Proposition 2½” has limited the amount of revenue that can be derived from property taxes. The prior fiscal year’s tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth), unless an override is voted. Certain provisions of Proposition 2 ½ can be overridden by a referendum.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, intangible, and infrastructure assets are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	20
Buildings and improvements	20 - 50
Infrastructure	20 - 75
Machinery and equipment	5 - 15

COMPENSATED ABSENCES

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide and financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the Statement of Net Position.

FUND EQUITY

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

Fund Balance (Continued)

The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

The following types of fund balances are reported at June 30, 2023:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue funds, various capital project funds, and expendable trust funds.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes General Fund non-lapsing appropriations approved at Town Meeting and General Fund surplus that has been appropriated for a particular purpose in the subsequent fiscal year.
- *Assigned* represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and General Fund surplus that has been appropriated as a funding source for the subsequent fiscal year to reduce taxation.
- *Unassigned* represents amounts that are available to be spent in future periods, general stabilization, and deficit funds.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

USE OF ESTIMATES

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 of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

At the annual town meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by Town Meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line-item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by Massachusetts General Laws and must be raised in the next year's tax rate.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

BUDGETARY INFORMATION (CONTINUED)

Formal budgetary integration is employed as a management control device during the year for the General Fund. Effective budgetary control is achieved for all other funds through provisions of Massachusetts General Laws.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

NOTE 3 - DEPOSITS AND INVESTMENTS

Massachusetts General Laws (MGL) Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, and certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks, and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*. MMDT has an average maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2023, \$12,201,129 of the Town's bank balance of \$17,644,001 was exposed to custodial credit risk as uninsured and/or uncollateralized. Additionally, \$1,671,942 was invested in MMDT (the state pool), which is not subject to this disclosure.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS

The following is a summary of the Town's investments (in thousands) as of June 30, 2023:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 1,087
Corporate equities	532
Equity mutual funds	1,855
Fixed income mutual funds	640
U.S. Treasury	<u>676</u>
	<u>\$ 4,790</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have formal investment policies related to custodial credit risk.

As of June 30, 2023, the Town did not have investments subject to custodial credit risk exposure as all assets were held in the Town's name.

Credit Risk - Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Town does not have formal investment policies related to credit risk.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Credit Risk - Investments in Debt Securities (Continued)

As of June 30, 2023, the credit quality ratings, as rated by Moody's Investors Service, Inc., of the Town's debt securities (in thousands) were as follows:

Investment Type	Amount	Rating as of Year End						
		AAA	A1	A2	A3	Baa1	Baa2	Unrated
Corporate bonds	\$ 1,087	\$ 92	\$ 199	\$ 184	\$ 102	\$ 313	\$ 197	\$ --
Fixed income mutual funds	640	--	--	--	--	--	--	640
U.S. Treasury	676	676	--	--	--	--	--	--
	<u>\$ 2,403</u>	<u>\$ 768</u>	<u>\$ 199</u>	<u>\$ 184</u>	<u>\$ 102</u>	<u>\$ 313</u>	<u>\$ 197</u>	<u>\$ 640</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount invested in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

As of June 30, 2023, the Town did not have investments in any one issuer that exceeded 5% of total investments.

Interest Rate Risk - Investments in Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations (in thousands) was as follows at June 30, 2023:

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Interest Rate Risk - Investments in Debt Securities (Continued)

Investment Type	Amount	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
Corporate bonds	\$ 1,087	\$ 308	\$ 573	\$ 206
Fixed income mutual funds	640	--	--	--
U.S. Treasury	676	119	557	--
	\$ 2,403	\$ 427	\$ 1,130	\$ 206

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

At June 30, 2023, none of the Town's investments were exposed to foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 - inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value (Continued)

- Level 2 - inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 - unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town had the following fair value measurements (in thousands) as of June 30, 2023:

Investment Type	Amount	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Corporate bonds	\$ 1,087	\$ --	\$ 1,087	\$ --
Corporate equities	532	532	--	--
Equity mutual funds	1,855	1,855	--	--
Fixed income mutual funds	640	--	640	--
U.S. Treasury	676	676	--	--
	<u>\$ 4,790</u>	<u>\$ 3,063</u>	<u>\$ 1,727</u>	<u>\$ --</u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value (Continued)

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

The net asset value (NAV) per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

NOTE 4 - PROPERTY TAXES AND EXCISES RECEIVABLE

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the accrual and modified accrual basis of accounting in the government-wide and fund basis statements, respectively.

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Lining of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 - PROPERTY TAXES AND EXCISES RECEIVABLE (CONTINUED)

A statewide property tax limitation known as “Proposition 2½” limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2½ limits the total levy to an amount not greater than 2½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2½% of the prior year’s levy plus the taxes on property newly added to the tax rolls. The actual fiscal year 2023 tax levy reflected an excess capacity of \$1,221,944.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Property taxes and excise receivables at June 30, 2023 consisted of the following:

	Current Portion	Long- Term Portion
Real estate taxes	\$ 276,029	\$ --
Personal property taxes	2,390	--
Community preservation act	5,501	--
Tax liens	45,275	145,255
Deferred taxes	<u>2,420</u>	<u>--</u>
Total Property Taxes	<u>\$ 331,615</u>	<u>\$ 145,255</u>
Motor vehicle excise	<u>\$ 67,647</u>	

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2023.

NOTE 6 - 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, and has been fully

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 - NOTE RECEIVABLE (CONTINUED)

reserved as uncollectible at June 30, 2023. 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.

NOTE 7 - CAPITAL ASSETS

Capital asset activity (in thousands) for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Land improvements	\$ 914	\$ --	\$ --	\$ 914
Buildings and improvements	35,150	13	--	35,163
Machinery and equipment	7,862	573	--	8,435
Infrastructure	<u>32,247</u>	<u>445</u>	<u>(50)</u>	<u>32,642</u>
Total Capital Assets, Being Depreciated	<u>76,173</u>	<u>1,031</u>	<u>(50)</u>	<u>77,154</u>
Less Accumulated Depreciation For:				
Land improvements	(829)	(17)	--	(846)
Buildings and improvements	(14,777)	(905)	--	(15,682)
Machinery and equipment	(6,158)	(346)	--	(6,504)
Infrastructure	<u>(25,656)</u>	<u>(269)</u>	<u>19</u>	<u>(25,906)</u>
Total Accumulated Depreciation	<u>(47,420)</u>	<u>(1,537)</u>	<u>19</u>	<u>(48,938)</u>
Total Capital Assets, Being Depreciated, Net	<u>28,753</u>	<u>(506)</u>	<u>(31)</u>	<u>28,216</u>
Capital Assets, Not Being Depreciated:				
Land	10,219	--	--	10,219
Intangible assets	560	--	--	560
Construction in progress	<u>3,012</u>	<u>5</u>	<u>--</u>	<u>3,017</u>
Total Capital Assets, Not Being Depreciated	<u>13,791</u>	<u>5</u>	<u>--</u>	<u>13,796</u>
Capital Assets, Net	<u>\$ 42,544</u>	<u>\$ (501)</u>	<u>\$ (31)</u>	<u>\$ 42,012</u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Depreciation expense (in thousands) was charged to functions of the Town as follows:

General government	\$	79
Public safety		267
Education		791
Public works		348
Health and human services		<u>52</u>
	\$	<u>1,537</u>

NOTE 8 - DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net assets by the Town that applies to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

NOTE 9 - ACCOUNTS PAYABLE

Accounts payable represent fiscal year 2023 expenditures paid by July 15, 2023.

NOTE 10 - ACCRUED LIABILITIES

Accrued liabilities are comprised primarily of accrued payroll and payroll withholdings for fiscal year 2023.

NOTE 11 - UNEARNED REVENUE

Unearned revenue represents grant funds received by the Town from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 12 - TAX REFUNDS PAYABLE

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the Commonwealth of Massachusetts Appellate Tax Board.

NOTE 13 - LONG-TERM DEBT

GENERAL OBLIGATION BONDS

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital acquisitions.

General obligation bonds outstanding at June 30, 2023 were as follows:

	Issue Date	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/23
Wastewater	04/01/06	04/01/26	4.00-5.50%	\$ 180,000
Wastewater	04/01/06	04/01/26	4.00-5.50%	165,000
Communications infrastructure/equipment	10/29/20	08/01/37	2.00-5.00%	1,784,000
Fire truck	10/29/20	08/01/37	2.00-5.00%	406,000
Land acquisition	10/29/20	08/01/37	2.00-5.00%	177,000
Communications infrastructure/equipment	10/29/20	08/01/29	2.00-5.00%	144,000
DPW truck/chipper	10/29/20	08/01/24	5.00%	42,000
Building remodel	10/29/20	08/01/25	5.00%	125,000
School parking	10/29/20	08/01/34	2.00-5.00%	182,000
School project refunding	10/05/21	09/15/37	2.00-5.00%	6,796,000
Fire truck refunding	10/05/21	09/15/37	2.00-5.00%	148,000
School design refunding	10/05/21	09/15/32	2.00-5.00%	85,000
DPW roll-off truck refunding	10/05/21	09/15/29	2.00-5.00%	48,000
Dump truck refunding	10/05/21	09/15/32	2.00-5.00%	55,000
Cisterns refunding	10/05/21	09/15/29	2.00-5.00%	18,000
				<u>\$ 10,355,000</u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13 - LONG-TERM DEBT (CONTINUED)

FUTURE DEBT SERVICE

The annual payments to retire all general obligation bonds outstanding as of June 30, 2023 were as follows:

	Principal	Interest	Total
2024	\$ 935,000	\$ 345,569	\$ 1,280,569
2025	925,000	300,075	1,225,075
2026	865,000	256,188	1,121,188
2027	725,000	214,425	939,425
2028	725,000	178,175	903,175
2029	720,000	142,050	862,050
2030	720,000	109,425	829,425
2031	685,000	87,860	772,860
2032	670,000	74,400	744,400
2033	670,000	61,000	731,000
2034 - 2038	<u>2,715,000</u>	<u>134,550</u>	<u>2,849,550</u>
	<u>\$ 10,355,000</u>	<u>\$ 1,903,717</u>	<u>\$ 12,258,717</u>

CHANGES IN LONG-TERM LIABILITIES

During the year ended June 30, 2023, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Bonds payable	\$ 11,295	\$ --	\$ (940)	\$ 10,355	\$ (935)	\$ 9,420
Unamortized premium	1,177	--	(187)	990	(176)	814
	12,472	--	(1,127)	11,345	(1,111)	10,234
Compensated absences liability	363	94	(222)	235	(120)	115
Net pension liability	8,807	4,687	--	13,494	--	13,494
Net OPEB liability	10,239	89	--	10,328	--	10,328
	<u>\$ 31,881</u>	<u>\$ 4,870</u>	<u>\$ (1,349)</u>	<u>\$ 35,402</u>	<u>\$ (1,231)</u>	<u>\$ 34,171</u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13 - LONG-TERM DEBT (CONTINUED)

LONG-TERM DEBT SUPPORTING GOVERNMENTAL ACTIVITIES

Bonds issued by the Town for various municipal projects are approved by Town Meeting and repaid with revenues recorded in the General Fund. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund.

OVERLAPPING DEBT

The Concord-Carlisle Regional School District has outstanding overlapping debt of \$38,100,000 as of June 30, 2023. The Town's share of the debt is 23.74% or \$9,044,940.

NOTE 14 - DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net assets by the Town that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 69 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - GOVERNMENTAL FUNDS - FUND BALANCES

The Town's fund balances at June 30, 2023 were comprised of the following:

	General Fund	Community Preservation Fund	Town Capital	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Nonexpendable permanent funds	\$ --	\$ --	\$ --	\$ 87,849	\$ 87,849
Total Nonspendable	<u> --</u>	<u> --</u>	<u> --</u>	<u>87,849</u>	<u>87,849</u>
Restricted					
Community preservation funds	--	3,223,507	--	--	3,223,507
Capital project funds	--	--	--	196,437	196,437
Special revenue funds:					
Federal grants	--	--	--	19,734	19,734
State grants	--	--	--	116,362	116,362
Receipts reserved for appropriation	--	--	--	764,565	764,565
Revolving funds	--	--	--	1,052,354	1,052,354
Gifts and donations	--	--	--	225,791	225,791
School lunch	--	--	--	395,250	395,250
Affordable housing	--	--	--	380,697	380,697
Other	--	--	--	257,641	257,641
Expendable trust funds	--	--	--	473,386	473,386
Total Restricted	<u> --</u>	<u>3,223,507</u>	<u> --</u>	<u>3,882,217</u>	<u>7,105,724</u>
Committed					
Municipal facilities	789,206	--	--	--	789,206
Dump truck	180,000	--	--	--	180,000
Other	349,838	--	--	--	349,838
Next year's expenditures - Capital	480,000	--	--	--	480,000
Total Committed	<u>1,799,044</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u>1,799,044</u>
Assigned					
School technology	24,323	--	--	--	24,323
GIS work	24,000	--	--	--	24,000
Insurance	20,000	--	--	--	20,000
Other	179,183	--	--	--	179,183
Next year's expenditures - Reduce taxation	235,000	--	--	--	235,000
Total Assigned	<u>482,506</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u>482,506</u>
Unassigned					
General Fund	4,629,483	--	--	--	4,629,483
General stabilization	1,254,487	--	--	--	1,254,487
Total Unassigned	<u>5,883,970</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u>5,883,970</u>
Total Fund Balances	<u>\$ 8,165,520</u>	<u>\$ 3,223,507</u>	<u>\$ --</u>	<u>\$ 3,970,066</u>	<u>\$ 15,359,093</u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - TRANSFERS

The Town reports interfund transfers between various funds. Most transfers results from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is a schedule of major interfund transfers for the year ended June 30, 2023:

	Transfers In	Transfers Out
General Fund	\$ 273,182	\$ --
Community Preservation Act Fund	-	85,000
Nonmajor Governmental Funds:		
Special Revenue Funds	<u>85,000</u>	<u>273,182</u>
Subtotal Nonmajor Governmental Funds	<u>85,000</u>	<u>273,182</u>
	<u>\$ 358,182</u>	<u>\$ 358,182</u>

Of the transfers into the General Fund \$80,000 was from the Recreation Revolving Fund for excess funds on hand at year end. Additionally, \$138,441 was from the Building Revolving Fund that was closed in accordance with Article 8 from the May 2023 Annual Town Meeting.

NOTE 17 - MIDDLESEX COUNTY RETIREMENT SYSTEM

The Town follows the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, with respect to employees' retirement funds.

PLAN DESCRIPTION

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Middlesex County Retirement System (the System), a cost-sharing, multiple-employer, public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 25 Linnell Circle, P.O. Box 160, Billerica, MA 01865.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979 contribute an additional 2%.

on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering the System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Retirement Benefits (Continued)

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 -General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 -Certain specified hazardous duty positions.
- Group 4 -Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A - Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Methods of Payment (Continued)

- Option B - A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member—provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree’s beneficiary or beneficiaries of choice.
- Option C - A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member’s designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or “pops up” to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable “pops up” to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town’s contribution to the System for the year ended June 30, 2023 was \$1,265,339, which was equal to its annual required contribution.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED (INFLOWS) OF RESOURCES RELATED TO PENSIONS

At June 30, 2023, the Town reported a liability of \$13,493,696 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Town's proportion was 0.795122%, which was an increase of 0.138272% from the proportionate share measured as of June 30, 2022.

For the year ended June 30, 2023, the Town recognized pension expense of \$1,888,607. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 99,150	\$ --
Changes of assumptions	232,991	--
Net difference between projected and actual earnings on pension plan investments	1,084,846	--
Changes in proportion and differences between contributions and proportionate share of contributions	<u>1,677,908</u>	<u>139,850</u>
	<u>\$ 3,094,895</u>	<u>\$ 139,850</u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED (INFLOWS) OF RESOURCES RELATED TO PENSIONS (CONTINUED)

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

<u>June 30</u>	<u>Amount</u>
2024	\$ 567,842
2025	601,700
2026	743,169
2027	<u>1,042,334</u>
	<u>\$ 2,955,045</u>

ACTUARIAL ASSUMPTIONS

The total pension liability in the latest actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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
Valuation date	January 1, 2022
Inflation rate	3.25%
Investment rate of return	7.15%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table projected generationally with Scale MP-2021.

TARGET ALLOCATIONS

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

TARGET ALLOCATIONS (CONTINUED)

inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	20.50%	6.59%
International developed markets equity	12.00%	6.87%
International emerging markets equity	4.50%	8.30%
Core fixed income	15.00%	1.53%
High-yield fixed income	8.00%	3.54%
Real estate	10.00%	3.44%
Timber	4.00%	4.01%
Hedge funds, GTAA, risk parity	10.00%	3.06%
Private equity	16.00%	9.49%
	<u>100.00%</u>	

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive 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.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

SENSITIVITY OF THE 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 7.15%, 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 or one percentage-point higher than the current rate:

1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
\$ 16,703,341	\$ 13,493,696	\$ 10,791,440

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan’s fiduciary net position is available in the System’s separately issued financial report.

NOTE 18 - MASSACHUSETTS TEACHERS’ RETIREMENT SYSTEM (MTRS)

PLAN DESCRIPTION

The Massachusetts Teachers’ Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer, defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees.

The Commonwealth of Massachusetts is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth of Massachusetts’ reporting entity and does not issue a stand-alone audited financial report.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 18 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

BENEFITS PROVIDED

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 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 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 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.

The MTRS' funding policies have been established by Chapter 32 of 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. Costs of administering the plan are funded out of plan assets.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 18 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

CONTRIBUTIONS

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

ACTUARIAL ASSUMPTIONS

The net pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. This valuation used the following assumptions:

- (a) 7.00% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012 - 2020.
- Mortality rates were as follows:
 - Pre-retirement - reflects RP-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender district).

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 18 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

ACTUARIAL ASSUMPTIONS (CONTINUED)

- Post-retirement - reflects RP-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
- Disability - assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

TARGET ALLOCATIONS

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, 2022 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	38.00%	4.20%
Core fixed income	15.00%	0.50%
Private equity	15.00%	7.30%
Portfolio completion strategies	10.00%	2.70%
Real estate	10.00%	3.30%
Value added fixed income	8.00%	3.70%
Timber/natural resources	4.00%	3.90%
	<u>100.00%</u>	

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. 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' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 18 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

DISCOUNT RATE (CONTINUED)

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.

SENSITIVITY ANALYSIS

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 32,734,080	\$ 25,888,138	\$ 20,094,302

SPECIAL FUNDING SITUATION

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by Governmental Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)*, and the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

TOWN PROPORTIONS

In fiscal year 2021 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$25,003,075 based on a proportionate share of 0.096581%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of \$2,032,652 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of \$2,056,747 as both a revenue and expense on the Statement of Activities.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2012, the Town established a single employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2023.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description

The Town provides post-employment healthcare and life insurance benefits for retired employees through the Town's plan. The Town provides health insurance coverage through Blue Cross Blue Shield of New England. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

The Town provides medical and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

GENERAL INFORMATION ABOUT THE OPEB PLAN (CONTINUED)

Funding Policy

The Town's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget limitations/authorizations.

Plan Membership

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	184
Active employees	<u>73</u>
	<u>257</u>

INVESTMENTS

The OPEB Trust Fund's assets at June 30, 2023 consisted of corporate equities, equity mutual funds, and fixed income mutual funds.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The net OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary increases	3.00% per year
Investment rate of return	6.13%
Municipal bond rate	4.13%
Discount rate	5.87% (previously 5.70%)
Healthcare cost trend rates	6.50% in fiscal year 2023 and an ultimate trend rate of 3.63 in fiscal year 2060
Retirees' share of benefit-related costs	Participants pay 45% of premiums for health insurance and 50% of the premiums for life insurance.
Participation rate	80% of employees eligible to receive both medical and life insurance

Mortality rates for pre-retirement were based on RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Mortality rates for post-retirement were based on RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Mortality rates for disabled were based on RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study of the Massachusetts PERAC issued in 2014 and its most recent analysis of retiree mortality during 2015 and 2016.

TARGET ALLOCATIONS

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

TARGET ALLOCATIONS (CONTINUED)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table.

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic Equity - Large Cap	28.50%	4.10%
Domestic Equity - Small/Mid Cap	14.50%	4.55%
International Equity - Developed Market	12.50%	4.64%
International Equity - Emerging Market	8.00%	5.45%
Domestic Fixed Income	18.25%	1.05%
International Fixed Income	4.75%	0.96%
Alternatives	10.50%	5.95%
Real Estate	2.75%	6.25%
Cash	0.25%	0.00%
	<u>100.00%</u>	

CONTRIBUTIONS

In addition to the implicit subsidy contribution, the Town's policy to contribute amounts provided annually by the budget.

DISCOUNT RATE

The discount rate used to measure the net OPEB liability was 5.87%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position is not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on a combination of the investment rate of return of 6.13% through fiscal year 2072 and municipal bond rate of 4.13% thereafter (based on S&P Municipal Bond 20-Year High Grade Index).

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

NET OPEB LIABILITY

The components of the net OPEB liability, measured as of June 30, 2023, were as follows:

Total OPEB liability	\$ 13,117,752
Plan fiduciary net position	<u>2,789,737</u>
 Net OPEB Liability	 <u><u>\$ 10,328,015</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 21.27%

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

CHANGES IN THE NET OPEB LIABILITY

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, Beginning of Year	<u>\$ 12,602,747</u>	<u>\$ 2,363,923</u>	<u>\$ 10,238,824</u>
Changes for the year:			
Service cost	433,919	--	433,919
Interest	732,954	--	732,954
Contributions - employer	--	575,650	(575,650)
Net investment income (loss)	--	210,814	(210,814)
Changes in assumptions or other inputs	(291,218)	--	(291,218)
Benefit payments	<u>(360,650)</u>	<u>(360,650)</u>	<u>--</u>
Net Changes	<u>515,005</u>	<u>425,814</u>	<u>89,191</u>
Balances, End of Year	<u><u>\$ 13,117,752</u></u>	<u><u>\$ 2,789,737</u></u>	<u><u>\$ 10,328,015</u></u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

CHANGES IN THE NET OPEB LIABILITY (CONTINUED)

Changes in assumptions and other inputs reflect a change in the discount rate from 5.70% in 2022 to 5.87% in 2023.

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (4.87%)	Current Discount Rate (5.87%)	1% Increase (6.87%)
\$ 12,388,253	\$ 10,328,015	\$ 8,673,714

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$ 8,472,587	\$ 10,328,015	\$ 12,646,327

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2023, the Town recognized an OPEB expense of \$452,067. At June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 202,539	\$ 2,191,455
Change in assumptions	2,266,643	4,523,625
Net difference between projected and actual OPEB investment earnings	101,991	--
	\$ 2,571,173	\$ 6,715,080

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

Year Ended June 30	Amount
2024	\$ (698,848)
2025	(909,408)
2026	(1,268,924)
2027	(877,563)
2028	(350,078)
Thereafter	(39,086)
	\$ (4,143,907)

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 20 - COMMITMENTS AND CONTINGENCIES

OUTSTANDING LEGAL ISSUES

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

ENCUMBRANCES

At year-end the Town's General Fund had \$247,506 in encumbrances that will be honored in the next fiscal year.

NOTE 21 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 7, 2024, which is the date the financial statements were available to be issued.

NOTE 22 - NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 100, *Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)*, effective for the Town beginning June 30, 2024. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections. Management is currently evaluating the impact of implementing this GASB pronouncement.

TOWN OF CARLISLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

(UNAUDITED)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ 29,791,596	\$ 29,791,596	\$ 29,894,935	\$ 103,339
Excises	875,000	875,000	1,047,085	172,085
Penalties, interest, and other taxes	75,000	75,000	109,980	34,980
Charges for services	63,600	63,600	90,747	27,147
Intergovernmental	1,876,366	1,876,366	1,890,517	14,151
Licenses and permits	144,000	144,000	172,337	28,337
Fines and forfeitures	3,500	3,500	765	(2,735)
Investment income	5,000	5,000	116,346	111,346
Miscellaneous	2,998	2,998	128,630	125,632
Total Revenues	32,837,060	32,837,060	33,451,342	614,282
Expenditures				
General government	3,264,686	3,339,686	3,216,526	123,160
Public safety	3,498,622	3,575,641	3,469,744	105,897
Education	19,946,733	19,988,733	19,976,211	12,522
Public works	1,425,526	1,605,526	1,506,346	99,180
Health and human services	439,785	439,785	415,225	24,560
Culture and recreation	898,554	898,554	886,278	12,276
Employee benefits	3,394,622	3,394,622	3,249,796	144,826
Debt service	1,331,438	1,331,438	1,331,438	--
Intergovernmental	56,518	56,518	56,578	(60)
Total Expenditures	34,256,484	34,630,503	34,108,142	522,361
Excess (Deficiency) of Revenues Over Expenditures	(1,419,424)	(1,793,443)	(656,800)	1,136,643
Other Financing Sources (Uses)				
Transfers in	53,000	53,000	273,182	220,182
Use of free cash	--	374,019	374,019	--
Use of prior year fund balance (carryforwards)	1,366,424	1,366,424	1,366,424	--
Total Other Financing Sources (Uses)	1,419,424	1,793,443	2,013,625	220,182
Overall Budgetary Excess	\$ --	\$ --	\$ 1,356,825	\$ 1,356,825

See independent auditors' report and notes to required supplementary information.

TOWN OF CARLISLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION
COMMUNITY PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues				
Property taxes	\$ 518,000	\$ 518,000	\$ 526,454	\$ 8,454
Penalties, interest, and other taxes	-	-	1,105	1,105
Intergovernmental	200,000	200,000	193,480	(6,520)
Investment income	<u>3,360</u>	<u>3,360</u>	<u>26,160</u>	<u>22,800</u>
Total Revenues	721,360	721,360	747,199	25,839
Expenditures				
General government	<u>636,360</u>	<u>636,360</u>	<u>636,360</u>	<u>-</u>
Total Expenditures	<u>636,360</u>	<u>636,360</u>	<u>636,360</u>	<u>-</u>
Excess of revenues in over expenditures	85,000	85,000	110,839	25,839
Other Financing Sources (Uses)				
Transfers out	<u>(85,000)</u>	<u>(85,000)</u>	<u>(85,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(85,000)</u>	<u>(85,000)</u>	<u>(85,000)</u>	<u>-</u>
Overall Budgetary Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,839</u>	<u>\$ 25,839</u>

See independent auditors' report and notes to required supplementary information.

TOWN OF CARLISLE, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR GENERAL FUND AND
COMMUNITY PRESERVATION FUND BUDGETS**

FOR THE YEAR ENDED JUNE 30, 2023

BUDGETARY BASIS

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

BUDGET/GAAP RECONCILIATION

The budgetary data for the General Fund and CPA Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund and CPA Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other (uses), to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
Revenues/expenditures/other financing sources/uses (GAAP Basis)	\$ 35,686,207	\$ 34,465,503	\$ 273,182
To reverse unbudgeted GASB 24			
Massachusetts Teacher Retirement System	(2,032,652)	(2,032,652)	--
To record use of prior year carryforwards	--	--	1,366,424
Current year carryforwards and continuing appropriations	--	1,566,550	--
To record use of free cash	--	--	374,019
Other adjustments	(151,830)	108,741	--
Reverse the effects of combining the General Fund and stabilization fund (GASB 54)	(50,383)	--	--
Budgetary Basis	<u>\$ 33,451,342</u>	<u>\$ 34,108,142</u>	<u>\$ 2,013,625</u>

TOWN OF CARLISLE, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR GENERAL FUND AND
COMMUNITY PRESERVATION FUND BUDGETS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2023

<u>CPA Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
Revenues/expenditures/other financing sources/uses (GAAP basis)	\$ 747,199	\$ 350,388	\$ (85,000)
Current year carryforwards	-	285,972	-
Budgetary Basis	<u>\$ 747,199</u>	<u>\$ 636,360</u>	<u>\$ (85,000)</u>

TOWN OF CARLISLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)

Middlesex County Retirement System									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll			Plan Fiduciary Net Position Percentage of the Total Pension Liability	
June 30, 2023	December 31, 2022	0.795122%	\$ 13,493,696	\$ 6,411,108	210.47%			52.61%	
June 30, 2022	December 31, 2021	0.656850%	8,806,565	6,153,577	143.11%			61.14%	
June 30, 2021	December 31, 2020	0.675972%	10,349,764	6,020,631	171.90%			53.42%	
June 30, 2020	December 31, 2019	0.693848%	11,101,958	5,787,456	191.83%			49.45%	
June 30, 2019	December 31, 2018	0.715446%	11,157,139	5,350,293	208.53%			46.40%	
June 30, 2018	December 31, 2017	0.664872%	9,435,767	5,141,785	183.51%			49.27%	
June 30, 2017	December 31, 2016	0.704972%	9,988,584	5,103,107	195.74%			45.49%	
June 30, 2016	December 31, 2015	0.690901%	8,912,755	4,723,787	188.68%			46.13%	
June 30, 2015	December 31, 2014	0.665000%	7,984,515	4,542,103	175.79%			47.65%	
Massachusetts Teachers' Retirement System									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll		Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2023	June 30, 2022	0.096581%	\$ --	\$ 25,003,075	\$ 25,003,075	\$ 7,949,594	--		57.75%
June 30, 2022	June 30, 2021	0.103250%	--	23,444,870	23,444,870	8,008,058	--		62.03%
June 30, 2021	June 30, 2020	0.098293%	--	28,057,622	28,057,622	7,447,432	--		50.67%
June 30, 2020	June 30, 2019	0.104554%	--	26,362,287	26,362,287	7,608,549	--		53.95%
June 30, 2019	June 30, 2018	0.103782%	--	24,607,936	24,607,936	7,288,471	--		54.84%
June 30, 2018	June 30, 2017	0.107703%	--	24,648,235	24,648,235	7,313,538	--		54.25%
June 30, 2017	June 30, 2016	0.103459%	--	23,131,262	23,131,262	6,805,176	--		52.73%
June 30, 2016	June 30, 2015	0.105556%	--	21,627,992	21,627,992	6,691,077	--		55.38%
June 30, 2015	June 30, 2014	0.106852%	--	16,985,552	16,985,552	6,551,624	--		61.64%

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See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See independent auditors' report.

TOWN OF CARLISLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)

Middlesex County Retirement System							
Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll	
June 30, 2023	December 31, 2022	\$ 1,265,339	\$ 1,265,339	\$ --	\$ 6,244,986	20.26%	
June 30, 2022	December 31, 2021	1,192,106	1,192,106	--	6,153,577	19.37%	
June 30, 2021	December 31, 2020	1,057,819	1,057,819	--	6,020,631	17.57%	
June 30, 2020	December 31, 2019	991,823	991,823	--	5,787,456	17.14%	
June 30, 2019	December 31, 2018	932,452	932,452	--	5,350,293	17.43%	
June 30, 2018	December 31, 2017	877,464	877,464	--	5,141,785	17.07%	
June 30, 2017	December 31, 2016	820,032	820,032	--	5,103,107	16.07%	
June 30, 2016	December 31, 2015	771,117	771,117	--	4,723,787	16.32%	
June 30, 2015	December 31, 2014	726,609	726,609	--	4,542,103	16.00%	
Massachusetts Teachers' Retirement System							
Fiscal Year	Measurement Date	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll	
June 30, 2023	June 30, 2022	\$ 2,032,652	\$ 2,032,652	\$ --	\$ 8,342,233	24.37%	
June 30, 2022	June 30, 2021	1,805,310	1,805,310	--	8,008,058	22.54%	
June 30, 2021	June 30, 2020	1,526,918	1,526,918	--	7,447,432	20.50%	
June 30, 2020	June 30, 2019	1,509,458	1,509,458	--	7,608,549	19.84%	
June 30, 2019	June 30, 2018	1,364,502	1,364,502	--	7,288,471	18.72%	
June 30, 2018	June 30, 2017	1,330,686	1,330,686	--	7,313,538	18.19%	
June 30, 2017	June 30, 2016	1,163,481	1,163,481	--	6,805,176	17.10%	
June 30, 2016	June 30, 2015	1,078,706	1,078,706	--	6,691,077	16.12%	
June 30, 2015	June 30, 2014	1,001,607	1,001,607	--	6,551,624	15.29%	

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TOWN OF CARLISLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (UNAUDITED)

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 433,919	\$ 420,073	\$ 904,993	\$ 860,955	\$ 717,641	\$ 569,334
Interest	732,954	756,859	559,344	439,534	375,714	399,944
Changes of benefit terms	--	859,014	--	--	--	--
Differences between expected and actual experience	--	(3,080,483)	--	503,823	--	436,999
Changes of assumptions	(291,218)	784,975	(8,057,105)	3,804,532	1,375,839	586,994
Benefit payments, including refunds of member contributions	<u>(360,650)</u>	<u>(463,258)</u>	<u>(402,861)</u>	<u>(358,767)</u>	<u>(291,776)</u>	<u>(243,610)</u>
Net Change in Total OPEB Liability	515,005	(722,820)	(6,995,629)	5,250,077	2,177,418	1,749,661
Total OPEB Liability - Beginning	<u>12,602,747</u>	<u>13,325,567</u>	<u>20,321,196</u>	<u>15,071,119</u>	<u>12,893,701</u>	<u>11,144,040</u>
Total OPEB Liability - Ending (A)	<u>13,117,752</u>	<u>12,602,747</u>	<u>13,325,567</u>	<u>20,321,196</u>	<u>15,071,119</u>	<u>12,893,701</u>
Plan Fiduciary Net Position						
Contributions - employer	575,650	678,258	2,427,766	--	--	--
Net investment income	210,814	(406,836)	530,854	--	--	--
Benefit payments, including refunds of member contributions	<u>(360,650)</u>	<u>(463,258)</u>	<u>(402,861)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Plan Fiduciary Net Position	425,814	(191,836)	2,555,759	--	--	--
Plan Fiduciary Net Position - Beginning	<u>2,363,923</u>	<u>2,555,759</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Plan Fiduciary Net Position - Ending (B)	<u>2,789,737</u>	<u>2,363,923</u>	<u>2,555,759</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net OPEB Liability (Asset) - Ending (A-B)	<u>\$ 10,328,015</u>	<u>\$ 10,238,824</u>	<u>\$ 10,769,808</u>	<u>\$ 20,321,196</u>	<u>\$ 15,071,119</u>	<u>\$ 12,893,701</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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TOWN OF CARLISLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF THE NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS (UNAUDITED)

	2023	2022	2021	2020	2019	2018
Schedule of Net OPEB Liability						
Total OPEB liability	\$ 13,117,752	\$ 12,602,747	\$ 13,325,567	\$ 20,321,196	\$ 15,071,119	\$ 12,893,701
Plan fiduciary net position	<u>2,789,737</u>	<u>2,363,923</u>	<u>2,555,759</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net OPEB Liability (Asset)	<u>\$ 10,328,015</u>	<u>\$ 10,238,824</u>	<u>\$ 10,769,808</u>	<u>\$ 20,321,196</u>	<u>\$ 15,071,119</u>	<u>\$ 12,893,701</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	21.27%	18.76%	19.18%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 14,331,496	\$ 13,914,074	\$ 12,361,661	\$ 12,001,613	\$ 11,644,660	\$ 11,305,496
Net OPEB Liability as a Percentage of Covered Employee Payroll	72.07%	73.59%	87.12%	169.32%	129.43%	114.05%
Schedule of Contributions						
Actuarially determined contribution	\$ 932,510	\$ 904,511	\$ 1,408,460	\$ 1,506,377	\$ 1,445,525	\$ 1,242,764
Contributions in relation to the actuarially determined contribution	<u>575,650</u>	<u>678,258</u>	<u>2,427,766</u>	<u>358,767</u>	<u>291,776</u>	<u>243,610</u>
Contribution Deficiency (Excess)	<u>\$ 356,860</u>	<u>\$ 226,253</u>	<u>\$ (1,019,306)</u>	<u>\$ 1,147,610</u>	<u>\$ 1,153,749</u>	<u>\$ 999,154</u>
Covered Employee Payroll	\$ 14,331,496	\$ 13,914,074	\$ 12,361,661	\$ 12,001,613	\$ 11,644,660	\$ 11,305,496
Contributions as a Percentage of Covered Employee Payroll	4.02%	4.87%	19.64%	2.99%	2.51%	2.15%
Schedule of Investment Returns						
Annual money weighted rate of return, net of investment expense	8.36%	-15.26%	29.40%	N/A	N/A	N/A

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