

TOWN OF CARLISLE
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

**TOWN OF CARLISLE, MASSACHUSETTS
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YEAR ENDED JUNE 30, 2015**

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INDEPENDENT AUDITORS' REPORT

Honorable Board of Selectmen
Town of Carlisle, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Carlisle, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Carlisle, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Carlisle, Massachusetts, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the fiscal year ended June 30, 2015, the Town adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions. As a result of the implementation of GASBS No. 68, the Town reported a restatement for the change in accounting principle (see Note 19). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 3 through 13), general fund and community preservation fund budgetary comparison and certain pension and other postemployment benefits information (located on pages 57 through 63) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2015 on our consideration of the Town of Carlisle, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Carlisle, Massachusetts' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lexington, Massachusetts
October 16, 2015

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

As management of the Town of Carlisle, Massachusetts (Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,587,283 (net position).
- The Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The implementation resulted in the recognition of the long-term obligation for pension benefits as a liability and restatement of the 2014 total net position. The liability at June 30, 2015 was \$7,984,515. The 2014 total net position was restated from \$30,057,326 to \$22,095,191, a reduction of net position of \$7,962,135.
- The Town's total net position increased by \$492,092 (after taking in the effect of the restatement of the 2014 total net position for implementation of GASB Statement No. 68), primarily due to actual spending for the fiscal year that was less than budgeted in both the general and community preservation funds.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$3,878,335, or 14.6%, of total general fund revenues and other financing sources of \$26,641,447.
- The Town's total short-term debt decreased by \$760,000 during the fiscal year. A short-term note for the school construction project of \$800,000 was paid down with \$760,000 of proceeds from bonds issued in fiscal year 2014 and re-issued for \$40,000. Also, a short-term note for land acquisition in the amount of \$400,000 was re-issued.
- The Town's total bonded debt outstanding was \$15,605,039 at June 30, 2015, a decrease of \$1,041,593 during the fiscal year. No long-term debt was issued in fiscal year 2015.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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

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

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

The government-wide financial statements can be found on pages 15-16 of this report.

Fund Financial Statements

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

1. Governmental funds
2. Fiduciary funds

Governmental Funds

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

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

The Town maintains 17 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, community preservation (special revenue), and land acquisition (capital projects) funds, each of which are considered to be major funds. Data from the other 14 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental funds financial statements can be found on pages 17-22 of this report.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Fiduciary Funds

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

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

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25-56.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and community preservation fund and certain pension and other post-employment benefits information, which can be found on pages 57-63 of this report.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,587,283 at the close of the fiscal year and are summarized as follows:

| | 2015 | 2014 | |
|---|----------------------|----------------------|-------------------|
| | | As Restated | Original |
| Assets | | | |
| Current assets..... | \$ 12,730,398 | \$ 12,496,068 | 12,496,068 |
| Noncurrent assets (excluding capital assets)..... | 102,976 | 98,229 | 98,229 |
| Capital assets (net)..... | 42,193,222 | 42,812,107 | 42,812,107 |
| Total assets..... | <u>55,026,596</u> | <u>55,406,404</u> | <u>55,406,404</u> |
| Deferred Outflows of Resources..... | <u>26,964</u> | <u>-</u> | <u>-</u> |
| Liabilities | | | |
| Current liabilities (excluding debt)..... | 2,419,074 | 2,380,516 | 2,380,516 |
| Noncurrent liabilities (excluding debt)..... | 14,002,164 | 13,084,065 | 5,121,930 |
| Current debt - short-term notes payable..... | 440,000 | 1,200,000 | 1,200,000 |
| Current debt - long-term bonds payable..... | 1,480,039 | 1,041,593 | 1,041,593 |
| Noncurrent debt..... | 14,125,000 | 15,605,039 | 15,605,039 |
| Total liabilities..... | <u>32,466,277</u> | <u>33,311,213</u> | <u>25,349,078</u> |
| Net Position | | | |
| Net investment in capital assets..... | 26,379,640 | 25,693,776 | 25,693,776 |
| Restricted..... | 4,831,212 | 3,731,753 | 3,731,753 |
| Unrestricted..... | (8,623,569) | (7,330,338) | 631,797 |
| Total net position..... | <u>\$ 22,587,283</u> | <u>\$ 22,095,191</u> | <u>30,057,326</u> |

The largest portion of the Town's net position (116.8% or \$26,379,640) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, machinery and equipment and infrastructure), less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (21.4% or \$4,831,212) represents resources that are subject to external restrictions on how they may be used.

The Town has no unrestricted net position available for the support of governmental activities. Such resources have been consumed with the recognition of the net pension and other postemployment benefit liabilities.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Changes in Net Position

The Town's total net position increased by \$492,092 (with 2014 as restated), compared to an increase of \$499,914 in the prior fiscal year. These amounts are summarized as follows:

| Revenues | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| <i>Program Revenues:</i> | | |
| Charges for services..... | \$ 1,160,612 | \$ 1,110,406 |
| Operating grants and contributions..... | 3,024,940 | 1,810,110 |
| Capital grants and contributions..... | 350,997 | 164,648 |
| <i>General Revenues:</i> | | |
| Real estate and personal property taxes..... | 24,143,511 | 23,543,642 |
| Motor vehicle excise taxes..... | 900,749 | 852,924 |
| Penalties and interest on taxes..... | 41,793 | 31,493 |
| Payments in lieu of taxes..... | 14,367 | 6,323 |
| Community preservation surcharges..... | 399,148 | 383,440 |
| Grants and contributions not restricted to specific programs..... | 481,582 | 1,966,030 |
| Unrestricted investment income..... | 18,767 | 15,950 |
| Other..... | - | 4,695 |
| Total revenues..... | <u>30,536,466</u> | <u>29,889,661</u> |
| Expenses | | |
| General government..... | 2,107,384 | 1,640,765 |
| Public safety..... | 3,111,413 | 2,941,443 |
| Education..... | 21,131,867 | 20,866,497 |
| Public works..... | 1,796,604 | 1,755,272 |
| Health and human services..... | 534,367 | 577,834 |
| Culture and recreation..... | 894,083 | 955,933 |
| Debt service - interest..... | 468,656 | 652,003 |
| Total expenses..... | <u>30,044,374</u> | <u>29,389,747</u> |
| Change in net position..... | 492,092 | 499,914 |
| Net position - beginning of year (as restated)..... | <u>22,095,191</u> | <u>29,557,412</u> |
| Net position - end of year..... | <u>\$ 22,587,283</u> | <u>\$ 30,057,326</u> |

Fund Financial Statement Analysis

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

Governmental funds

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

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$9,822,546, an increase of \$864,013 in comparison with the prior year. Unassigned fund balance totaled \$3,438,580. The remainder of governmental fund balance includes the following constraints (as detailed in footnote 12 on page 47) for:

- Nonspendable \$191,095
- Restricted \$4,826,571
- Committed \$1,326,491
- Assigned \$39,809

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$3,878,335, while total fund balance was \$5,943,313. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund revenues and other financing sources. Unassigned fund balance represents 14.6% of total general fund revenues and other financing sources, while total fund balance represents 22.3% of that total.

The fund balance of the Town's general fund increased \$460,769 during the current fiscal year. The Town recognized an approximate \$361,000 budgetary surplus (budget vs. actual activity) and approximately \$836,000 of accumulated resources were utilized during fiscal year 2015.

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

The fund balance of the community preservation fund (special revenue) increased by \$237,821 during the current fiscal year. The fund recognized \$397,386 in surcharges, liens and penalties and interest, \$120,726 in intergovernmental revenues and \$1,080 of investment income. Expenditures of \$156,371 were incurred during the fiscal year.

The land acquisition fund (capital project) became a major governmental fund in fiscal year 2015 and did not have a change in fund balance from the prior year. This fund has a negative unassigned fund balance of \$400,000 as of June 30, 2015 due to an outstanding BAN.

General Fund Budgetary Highlights

The original general fund budget of \$26,804,718 had no supplemental appropriations during the fiscal year.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

General Fund Trends

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|---------------|---------------|---------------|---------------|---------------|
| General Fund - Operating Component: | | | | | |
| Total fund balance..... | \$ 4,770,219 | \$ 4,296,869 | \$ 3,871,764 | \$ 2,770,959 | \$ 2,438,354 |
| Less restrictions for: | | | | | |
| Debt service (a)..... | 445,040 | 486,632 | 551,514 | - | 46,807 |
| OPEB (b)..... | 253,638 | - | - | - | - |
| Less commitments for: | | | | | |
| Subsequent year's expenditures (c)..... | 890,000 | 352,355 | 390,000 | 141,000 | 297,852 |
| Continuing appropriations..... | 436,491 | 378,291 | 319,019 | 421,196 | 238,124 |
| Less assignments for: | | | | | |
| Encumbrances..... | 39,809 | 63,504 | 55,095 | 51,796 | 54,858 |
| Unassigned fund balance..... | 2,705,241 | 3,016,087 | 2,556,136 | 2,156,967 | 1,800,713 |
| General Fund - Stabilization Component: | | | | | |
| Total fund balance (unassigned)..... | 1,173,094 | 1,185,675 | 1,123,409 | 1,061,051 | 998,134 |
| Total general fund balance..... | \$ 5,943,313 | \$ 5,482,544 | \$ 4,995,173 | \$ 3,832,010 | \$ 3,436,488 |
| Total general fund revenue & other financing sources (ofs).... | \$ 26,641,447 | \$ 27,395,298 | \$ 26,319,270 | \$ 25,041,207 | \$ 24,236,867 |
| Total general fund (operating) unassigned fund balance as % of total general fund revenues and ofs..... | 10.2% | 11.0% | 9.7% | 8.6% | 7.4% |
| Total general fund (stabilization) unassigned fund balance as % of total general fund revenues and ofs..... | 4.4% | 4.3% | 4.3% | 4.3% | 4.1% |
| Total general fund unassigned fund balance as % of total general fund revenues and ofs..... | 14.6% | 15.3% | 14.0% | 12.9% | 11.5% |

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

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities at the end of the fiscal year totaled \$42,193,222 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, machinery and equipment, and infrastructure. The total decrease in the investment in capital assets for the current fiscal year totaled \$618,885, resulting from depreciation expense in excess of capital asset additions.

Major capital asset events that occurred during the current fiscal year include the following:

- Street sweeper (\$190,095)
- Carpeting and air conditioning for new school (\$147,011)
- Boardwalk – Spaulding to Banta Davis (\$144,700)
- Chapter 90 roadway construction (\$137,728)

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

| | 2015 | 2014 |
|-------------------------------|---------------|---------------|
| Land..... | \$ 9,718,798 | \$ 9,718,798 |
| Intangible assets..... | 560,150 | 560,150 |
| Construction in progress..... | 13,168 | 26,918 |
| Land improvements..... | 155,259 | 24,418 |
| Buildings..... | 25,708,307 | 26,311,527 |
| Machinery and equipment..... | 1,342,593 | 1,345,607 |
| Infrastructure..... | 4,694,947 | 4,824,689 |
| Total capital assets..... | \$ 42,193,222 | \$ 42,812,107 |

Additional information on the Town's capital assets can be found in Note 6 on page 40 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$15,605,039, which is backed by the full faith and credit of the Town, and is summarized as follows:

| | 2015 | 2014 |
|--|---------------|---------------|
| General obligation bonds..... | \$ 15,120,000 | \$ 16,120,000 |
| Massachusetts Water Pollution Abatement Trust (MWPAT) notes..... | 40,000 | 40,000 |
| Sub-total..... | 15,160,000 | 16,160,000 |
| Add: unamortized premium..... | 445,039 | 486,632 |
| Total bonds and notes and unamortized premiums..... | \$ 15,605,039 | \$ 16,646,632 |

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The Town's total bonded debt decreased \$1,041,593 during the current fiscal year. The Town received an Aa1 rating from Moody's Investor Service for its most recent issuance of long-term debt on November 15, 2012. This bond rating was an increase from the Town's previous issuance of long-term debt on March 15, 2010, which received an Aa2 rating from Moody's.

State statutes limit the amount of general obligation debt the Town may issue to 5% of its total assessed valuation. Based upon the equalized valuation dated January 29, 2015 by the Commissioner of Revenue, the current debt limit is \$62,052,375, which is significantly in excess of the Town's outstanding debt.

Additional information on the Town's long-term debt can be found in Note 10 on pages 42-44 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Town's fiscal year 2016 budget:

- Anticipated fiscal year 2016 revenues and fund transfers (\$28,182,614) are expected to show an increase of 4.18% over fiscal year 2015 (\$27,051,847). Revenues from property taxes are expected to increase by 3.25%, which includes an increase in the excluded debt levy of \$590,217. For fiscal year 2016, State aid to cities and towns, local schools and regional school districts is expected to increase slightly as compared to the prior fiscal year. The Massachusetts Department of Revenue has published the fiscal year 2016 Cherry Sheet, showing that Carlisle should expect to receive a net of \$1,194,975 in state aid. This compares to \$1,173,171 estimated on the Cherry Sheet for fiscal 2015, an increase of \$21,804 (1.86%). Local receipts are expected to remain constant. To supplement the fiscal year 2016 budget items, the Town voted to use \$890,000 of Free Cash (\$100,000 contribution to the Town's OPEB trust, \$300,000 to offset the cost of capital appropriations, \$440,000 to meet the appropriation for debt service, and \$50,000 for various warrant articles).
- Free Cash represents amounts which are available for appropriation by Town Meeting each year. These amounts are certified annually in accordance with the provisions of G.L. Chapter 59, sec. 23 by the Massachusetts Department of Revenue. The calculation, and therefore the balance, differs materially from the fund balances set forth in these financial statements. The certified Free Cash balance as of July 1, 2015 was \$2,389,686 (\$2,998,640 at July 1, 2014).
- Fiscal year 2016 department appropriations provide for an increase of 4.79% as compared to fiscal year 2015. The budgets included cost-of-living increases and scheduled wage adjustments for non-contractual employees. All contractual obligations are funded for employees under contract. Increased costs for benefits, health insurance and retirement obligations for current and former employees are also provided. There are three collective bargaining units in Carlisle; the Carlisle Public School teachers are represented the Carlisle Teachers' Association, police officers are represented by the Massachusetts Coalition of Police Officers, Local 201, and communications (dispatchers) personnel are represented by the Massachusetts Coalition of Police Officers, Local 201A.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

- The fiscal year 2016 budget provides for \$1,051,130 of continuing investment in the Town's assets, infrastructure, and on-going appropriations. These include a range of items for the local schools, police and fire departments, DPW and other bodies. The Town voted to fund these assets with \$101,130 from within the base property tax levy, \$300,000 from free cash and \$650,000 in newly authorized debt.
- To meet the total appropriations for the fiscal year 2016, no Proposition 2 ½ override was necessary. The total fiscal year 2016 budget, that is to be raised from taxes or provided through State aid, local receipts, etc., is expected to be \$28,182,614, an increase of 4.18% over fiscal year 2015.
- New growth, or the additional value of new construction or subdivisions, which is used to project new tax revenue, has remained relatively flat during the past two years. New growth for the twelve months ended June 30, 2014 amounted to \$23,955,549. The current estimate of new growth for the twelve months ended June 30, 2015 is estimated to be approximately \$15,000,000, and the current projection for new growth for the twelve months ending June 30, 2016 is \$15,000,000. New growth is derived from newly created building lots, from the construction of new homes, and renovations to existing properties.
- The fiscal year 2016 budget provides for payment of the budgetary assessment required by both the Concord-Carlisle Regional School District (CCRS) and the Minuteman Regional School District (MMRS) for operating expenses and debt service. In each case, the assessment is calculated based upon the percentage of Carlisle students to the total enrollment of the member communities. The assessment ratio in fiscal year 2015 for CCRS was 26.90%, requiring an appropriation for operations and debt service of \$6,518,949 (\$5,834,916 for operations and \$684,033 for debt service). The assessment ratio for the fiscal year 2016 at CCRS decreased to 26.29%, resulting in an assessment for operations and debt service of \$7,158,559 (\$5,905,074 for operations and \$1,253,485 for debt service), approved by town meeting. The total appropriation has therefore increased 9.82% from fiscal 2015 to fiscal 2016 (1.21% for operations and 83.258% for debt service). The assessment ratio at CCRS in the next few years is expected to decrease gradually, which will result in the Town bearing a smaller portion of the overall CCRS budget for operations and debt service. Despite this, future assessments will require higher annual debt service costs, as the Region continues to borrow funds in support of the building project at the high school (discussed further below). The MMRS assessment for fiscal year 2016 decreased by \$101,236 (30.91%) as compared to fiscal 2015, to an assessment of \$226,285. The number of students attending MMRS decreased from 11 attending in fiscal 2015 to 7 attending in fiscal 2016.
- At the November 8, 2011 Special Town Meeting, and subsequently approved as a debt exclusion by vote at the ballot, a total of \$92,578,524 was appropriated by the Towns of Carlisle and Concord for the purpose of paying the costs of designing, constructing, originally equipping and furnishing a new District High School (\$88,494,844) and an alternate physical education center (\$4,083,680). The maximum expected reimbursement from MSBA is 35.58% of eligible costs related only to the new school portion of the project. Construction began in the spring of 2013, at which time the District issued General Obligation bonds for a portion of the project costs. The District began making annual principal and interest payments on the outstanding bonds in fiscal 2014. The debt service, both principal and interest, by each community will be based upon the assessment ratio in effect for any given year. For fiscal year 2016, Carlisle's assessment ratio is 26.29%, and is expected to decline slowly over the next decade. The new school building opened in April 2015.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

- The MMRSD, of which the Town is a member, has been planning for a major renovation project of the campus located in Lexington. Discussions have been on-going among the member communities, the school administration, and Massachusetts School Building Authority (MSBA). On August 6, 2015, the MSBA agreed to move the project to the schematic design phase for a new building to be 242,900 square feet and to serve 628 students. MSBA expects to receive completed designs by February 2016, and once the schematic designs are reviewed, MSBA will consider whether to offer financial support for the construction project. If the MSBA Board approves a project, the district would then have about four months in which to obtain unanimous approval from each member town for the debt. Alternatively, a district-wide ballot question could be voted upon, binding all members to the outcome of the vote. Members of the MMRSD are also challenging whether non-member towns that send students to the school should contribute to any capital renovation costs. The future financial impact on the Town of a building project at the Region is dependent on the final size of the project and whether communities which send out-of-district students are assessed a portion of the debt service costs.

- The Town reports the actuarial value of the Town's unfunded Other Post Retirement Benefits (OPEB) liability, principally health and life insurance coverage for the Town's retirees and their spouses. The actuarial analysis is required to be performed every two years. The most recent actuarial report, for the years ended June 30, 2014 and 2015, calculated the liability at \$9,115,689 and \$9,880,045 respectively. Were the Town to begin funding this liability over the next thirty years, the required contribution for fiscal years 2014 and 2015 would be \$951,876 and \$993,118, respectively. The Town reauthorized the establishment of an OPEB Trust fund at the April 2014 Annual Town Meeting, the purpose of which is to hold funds, if any, that are appropriated to meet the Town's unfunded OPEB liability. At the April 2014 Annual Town Meeting, the Town voted to begin partially funding these obligations by appropriating \$250,000 to the OPEB Trust for fiscal 2015 (\$100,000 from the tax levy and \$150,000 from Free Cash). At the April 2015 Annual Town Meeting, the Town voted to contribute an additional \$225,000 to the OPEB Trust for fiscal 2016 (\$125,000 from the tax levy and \$100,000 from Free Cash). As the Town plans for fiscal 2017 and beyond, consideration will be given to how to continue to address the unfunded liability, and what, if any, level of future funding should be provided.

REQUESTS FOR INFORMATION

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

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**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2015**

| | Primary Government |
|--|----------------------------|
| ASSETS | Governmental Activities |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 7,712,103 |
| Restricted Cash and Cash Equivalents | 4,410,267 |
| Receivables, Net of Allowance for Uncollectible Amounts: | |
| Real Estate and Personal Property Taxes | 231,362 |
| Tax Liens | 54,759 |
| Motor Vehicle Excise Taxes | 5,620 |
| Community Preservation Surcharges | 4,758 |
| Intergovernmental | 310,816 |
| Loans | 713 |
| Total Current Assets | 12,730,398 |
| Noncurrent Assets: | |
| Receivables, Net of Allowance for Uncollectible Amounts: | |
| Real Estate Tax Deferrals | 63,961 |
| Loans | 3,562 |
| Tax Foreclosures | 35,453 |
| Capital Assets not being Depreciated | 10,292,116 |
| Capital Assets, Net of Accumulated Depreciation | 31,901,106 |
| Total Noncurrent Assets | 42,296,198 |
| Total Assets | 55,026,596 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Outflows of Resources Related to Pension | 26,964 |
| LIABILITIES | |
| Current Liabilities: | |
| Warrants Payable | 913,776 |
| Accrued Payroll | 1,057,282 |
| Tax Refunds Payable | 50,000 |
| Other Liabilities | 230,575 |
| Accrued Interest | 73,835 |
| Compensated Absences | 93,606 |
| Short-Term Notes Payable | 440,000 |
| Long-Term Bonds and Notes Payable | 1,480,039 |
| Total Current Liabilities | 4,339,113 |
| Noncurrent Liabilities: | |
| Net OPEB Obligation | 5,833,388 |
| Compensated Absences | 184,261 |
| Net Pension Liability | 7,984,515 |
| Long-Term Bonds and Notes Payable | 14,125,000 |
| Total Noncurrent Liabilities | 28,127,164 |
| Total Liabilities | 32,466,277 |
| NET POSITION | |
| Net Investment in Capital Assets | 26,379,640 |
| Restricted for: | |
| Community Preservation | 1,586,740 |
| Affordable Housing | 284,127 |
| Loans | 4,275 |
| Debt Service | 445,039 |
| OPEB | 253,638 |
| Permanent Funds: | |
| Expendable | 532,360 |
| Nonexpendable | 186,820 |
| Other Specific Purposes | 1,538,213 |
| Unrestricted | (8,623,569) |
| Total Net Position | \$ 22,587,283 |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense)/ Revenue |
|--------------------------------------|----------------------|-------------------------|--|--|-----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 2,107,384 | \$ 183,260 | \$ 162,342 | \$ 6,039 | \$ (1,755,743) |
| Public Safety | 3,111,413 | 315,758 | 69,429 | - | (2,726,226) |
| Education | 21,131,867 | 279,923 | 2,680,008 | - | (18,171,936) |
| Public Works | 1,796,604 | 71,164 | 6,639 | 316,718 | (1,402,083) |
| Health and Human Services | 534,367 | 113,032 | 75,672 | 28,240 | (317,423) |
| Culture and Recreation | 894,083 | 197,475 | 30,850 | - | (665,758) |
| Debt Service-Interest | 468,656 | - | - | - | (468,656) |
| Total Governmental Activities | \$ 30,044,374 | \$ 1,160,612 | \$ 3,024,940 | \$ 350,997 | (25,507,825) |
| <i>General revenues:</i> | | | | | |
| | | | | | 24,143,511 |
| | | | | | 900,749 |
| | | | | | 41,793 |
| | | | | | 14,367 |
| | | | | | 399,148 |
| | | | | | 481,582 |
| | | | | | 18,767 |
| | | | | | <u>25,999,917</u> |
| | | | | | CHANGE IN NET POSITION |
| | | | | | 492,092 |
| | | | | | <u>22,095,191</u> |
| | | | | | Net Position - End of Year |
| | | | | | <u><u>\$ 22,587,283</u></u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
GOVERNMENTAL FUNDS - BALANCE SHEET
JUNE 30, 2015**

| ASSETS | <u>General</u> | <u>Community Preservation</u> |
|---|---------------------|-----------------------------------|
| Cash and Cash Equivalents | \$ 7,712,103 | \$ - |
| Receivables, Net of Allowance for Uncollectible Amounts: | | |
| Real Estate and Personal Property Taxes | 231,362 | - |
| Real Estate Tax Deferrals | 63,961 | - |
| Tax Liens | 54,759 | - |
| Motor Vehicle Excise Taxes | 5,620 | - |
| Community Preservation Surcharges | - | 4,758 |
| Intergovernmental | - | - |
| Loans | - | - |
| Tax Foreclosures | 35,453 | - |
| Restricted Assets: | | |
| Cash and Cash Equivalents | <u>253,638</u> | <u>1,587,376</u> |
| Total Assets | <u>\$ 8,356,896</u> | <u>\$ 1,592,134</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| LIABILITIES | | |
| Warrants Payable | \$ 781,457 | \$ 5,393 |
| Accrued Payroll | 1,037,114 | - |
| Tax Refunds Payable | 50,000 | - |
| Other Liabilities | 230,575 | - |
| Short-Term Notes Payable | - | - |
| Total Liabilities | <u>2,099,146</u> | <u>5,393</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable Revenue | <u>314,437</u> | <u>4,758</u> |
| FUND BALANCES | | |
| Nonspendable | - | - |
| Restricted | 698,678 | 1,581,983 |
| Committed | 1,326,491 | - |
| Assigned | 39,809 | - |
| Unassigned | <u>3,878,335</u> | <u>-</u> |
| Total Fund Balances | <u>5,943,313</u> | <u>1,581,983</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 8,356,896</u> | <u>\$ 1,592,134</u> |

See accompanying Notes to Basic Financial Statements.

| | <u>Land Acquisition</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|----|-----------------------------|--|---|
| \$ | - | - | \$ 7,712,103 |
| | - | - | 231,362 |
| | - | - | 63,961 |
| | - | - | 54,759 |
| | - | - | 5,620 |
| | - | - | 4,758 |
| | - | 310,816 | 310,816 |
| | - | 4,275 | 4,275 |
| | - | - | 35,453 |
| | - | <u>2,569,253</u> | <u>4,410,267</u> |
| \$ | <u>-</u> | <u>\$ 2,884,344</u> | <u>\$ 12,833,374</u> |
| | | | |
| \$ | - | \$ 126,926 | \$ 913,776 |
| | - | 20,168 | 1,057,282 |
| | - | - | 50,000 |
| | - | - | 230,575 |
| | <u>400,000</u> | <u>40,000</u> | <u>440,000</u> |
| | <u>400,000</u> | <u>187,094</u> | <u>2,691,633</u> |
| | - | - | <u>319,195</u> |
| | - | 191,095 | 191,095 |
| | - | 2,545,910 | 4,826,571 |
| | - | - | 1,326,491 |
| | - | - | 39,809 |
| | <u>(400,000)</u> | <u>(39,755)</u> | <u>3,438,580</u> |
| | <u>(400,000)</u> | <u>2,697,250</u> | <u>9,822,546</u> |
| \$ | <u>-</u> | <u>\$ 2,884,344</u> | <u>\$ 12,833,374</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015**

| | <u>General</u> | <u>Community Preservation</u> | <u>Land Acquisition</u> |
|--|---------------------|-----------------------------------|-----------------------------|
| REVENUES | | | |
| Real Estate and Personal Property Taxes | \$ 24,024,262 | \$ - | \$ - |
| Motor Vehicle Excise Taxes | 903,488 | - | - |
| Tax Liens | 20,025 | 253 | - |
| Payments in Lieu of Taxes | 14,367 | - | - |
| Community Preservation Surcharges | - | 396,624 | - |
| Charges for Services | - | - | - |
| Intergovernmental | 1,219,665 | 120,726 | - |
| Penalties and Interest on Taxes | 41,048 | 509 | - |
| Licenses and Permits | 120,021 | - | - |
| Fines and Forfeitures | 8,055 | - | - |
| Departmental and Other Contributions | 184,749 | - | - |
| Investment Income | - | - | - |
| | 18,767 | 1,080 | - |
| Total Revenues | <u>26,554,447</u> | <u>519,192</u> | <u>-</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 1,361,443 | 156,371 | - |
| Public Safety | 2,228,135 | - | - |
| Education | 17,035,300 | - | - |
| Public Works | 1,197,677 | - | - |
| Health and Human Services | 272,071 | - | - |
| Culture and Recreation | 777,082 | - | - |
| Pension Benefits | 726,609 | - | - |
| Employee Benefits | 830,819 | - | - |
| Property and Liability Insurance | 188,283 | - | - |
| State and County Charges | 47,658 | - | - |
| Debt Service: | | | |
| Principal | 1,000,000 | - | - |
| Interest | 515,601 | - | - |
| Total Expenditures | <u>26,180,678</u> | <u>156,371</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | |
| | <u>373,769</u> | <u>362,821</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 87,000 | 50,000 | - |
| Transfer Out | - | (175,000) | - |
| Total Other Financing Sources (Uses) | <u>87,000</u> | <u>(125,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | | | |
| | 460,769 | 237,821 | - |
| Fund Balances - Beginning of Year | <u>5,482,544</u> | <u>1,344,162</u> | <u>(400,000)</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 5,943,313</u> | <u>\$ 1,581,983</u> | <u>\$ (400,000)</u> |

See accompanying Notes to Basic Financial Statements.

| Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------|--------------------------------|
| \$ - | \$ 24,024,262 |
| - | 903,488 |
| - | 20,278 |
| - | 14,367 |
| - | 396,624 |
| 206,508 | 206,508 |
| 766,314 | 2,106,705 |
| 236 | 41,793 |
| - | 120,021 |
| - | 8,055 |
| 727,118 | 911,867 |
| 467,896 | 467,896 |
| 15,929 | 35,776 |
| <u>2,184,001</u> | <u>29,257,640</u> |
| 231,530 | 1,749,344 |
| 181,051 | 2,409,186 |
| 924,479 | 17,959,779 |
| 351,968 | 1,549,645 |
| 186,656 | 458,727 |
| 180,894 | 957,976 |
| - | 726,609 |
| - | 830,819 |
| - | 188,283 |
| - | 47,658 |
| - | 1,000,000 |
| - | 515,601 |
| <u>2,056,578</u> | <u>28,393,627</u> |
| <u>127,423</u> | <u>864,013</u> |
| 175,000 | 312,000 |
| <u>(137,000)</u> | <u>(312,000)</u> |
| <u>38,000</u> | <u>-</u> |
| 165,423 | 864,013 |
| <u>2,531,827</u> | <u>8,958,533</u> |
| <u>\$ 2,697,250</u> | <u>\$ 9,822,546</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

| | | |
|--|----|--------------------------|
| Total Governmental Fund Balances | \$ | 9,822,546 |
| Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | 42,193,222 |
| Certain liabilities do not require current financial resources and, therefore are reported as deferred outflows of resources in the governmental funds. | | 26,964 |
| Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. | | 319,195 |
| In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. | | (73,835) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | |
| Bonds and Notes Payable, Net of Unamortized Premiums | | (15,605,039) |
| Compensated Absences | | (277,867) |
| Net OPEB Obligation | | (5,833,388) |
| Net Pension Liability | | <u>(7,984,515)</u> |
| Net Position of Governmental Activities | \$ | <u><u>22,587,283</u></u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

| | | |
|--|----|-------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 864,013 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p> | | |
| Capital Outlays | | 819,947 |
| Depreciation | | (1,438,832) |
| <p>Expenditures in the statement of activities that do not require current financial resources are reported as deferred outflows of resources in the statement of revenues, expenditures and changes in fund balances. This amount represents the net change in deferred outflows of resources.</p> | | |
| | | 26,964 |
| <p>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 various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) and the recognition of expenses/ expenditures for various types of accounts receivable (i.e., notes) differ between the two statements. This amount represents the net change in deferred inflows of resources.</p> | | |
| | | 98,760 |
| <p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the related activity of the current period.</p> | | |
| Bond Maturities | | 1,000,000 |
| Net Amortization of Bond Premiums | | 41,591 |
| <p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable</p> | | |
| | | 5,352 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes in:</p> | | |
| Compensated Absences | | (30,540) |
| Net OPEB Obligation | | (872,783) |
| Net Pension Liability | | (22,380) |
| | | (925,603) |
| Changes in Net Position of Governmental Activities | \$ | 492,092 |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

| ASSETS | <u>Private Purpose Trust Funds</u> | <u>Agency Funds</u> |
|--|--|-------------------------|
| Cash and Cash Equivalents | \$ 319,947 | \$ 51,614 |
| Receivables, Net of Allowance for Uncollectible Amounts: Departmental and Other | <u>-</u> | <u>13,213</u> |
| Total Assets | <u>319,947</u> | <u>64,827</u> |
| LIABILITIES | | |
| Warrants Payable | 875 | - |
| Accrued Payroll | - | 4,732 |
| Liabilities Due Depositors | <u>-</u> | <u>60,095</u> |
| Total Liabilities | <u>875</u> | <u>64,827</u> |
| NET POSITION | | |
| Held in Trust for Other Purposes | <u>\$ 319,072</u> | <u>\$ -</u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2015**

| | Private Purpose Trust Funds |
|-----------------------------------|-----------------------------------|
| ADDITIONS | |
| Contributions: | |
| Private Donations | \$ 707 |
| Net Investment Income: | |
| Interest | 6,097 |
| TOTAL ADDITIONS | 6,804 |
| DEDUCTIONS | |
| Scholarships Awarded | 14,300 |
| CHANGE IN NET POSITION | (7,496) |
| NET POSITION AT BEGINNING OF YEAR | 326,568 |
| NET POSITION AT END OF YEAR | \$ 319,072 |

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

B. Reporting Entity

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

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

The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. It has been determined that there are no component units that require inclusion in the basic financial statements.

Joint Ventures

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

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

Concord-Carlisle Regional School District (CCRSD)

The CCRSD is governed by a seven member school committee including two elected representatives from the Town. The Town is indirectly liable for the CCRSD's debt and other expenditures and is assessed annually for its share of operating and capital costs. For the fiscal year ended June 30, 2015, the Town's assessment was \$6,518,949. Separate financial statements may be obtained by writing to the CCRSD at 120 Meriam Road, Concord, MA 01742. See Note 10 for the Town's overlapping debt associated with the CCRSD.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Joint Ventures (Continued)

Minuteman Regional High School District (MMRHSD)

The MMRHSD is governed by a seventeen member school committee which includes one elected representative from the Town. The Town is indirectly liable for the MMRHSD's debt and other expenditures and is assessed annually for its share of operating and capital costs. For the fiscal year ended June 30, 2015, the Town's assessment was \$327,521. Separate financial statements may be obtained by writing to the MMRHSD at 758 Marrett Road, Lexington, MA 02421.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government.

Fund Financial Statements

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

C. Implementation of New Accounting Principles

For the year ended June 30, 2015, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

The implementation of GASB Statement No. 68 resulted in the recognition of the long-term obligation for pension benefits as a liability and expanded pension related note disclosures and required supplementary information.

The implementation of GASB Statement No.'s 69 and 71 had no reporting impact for the Town.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

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

The following major governmental funds are reported:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund.

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

The *land acquisition fund* is a capital projects fund (defined below) used to account for the accumulation of resources for the Goff-Moseley land purchase.

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

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

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

The following fiduciary fund types are reported:

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

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

E. Cash and Cash Equivalents and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

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

TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Accounts Receivable (Continued)

Motor Vehicle Excise Taxes

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

Community Preservation Surcharges

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

Intergovernmental

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

Loans

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

G. Allowance for Uncollectible Accounts

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

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

TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Allowance for Uncollectible Accounts (Continued)

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

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

Intergovernmental receivables are considered 100% collectible.

H. Inventories

Government-Wide and Fund Financial Statements

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

I. Restricted Assets

Government-Wide and Fund Financial Statements

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

J. Capital Assets

Government-Wide Financial Statements

Capital assets, which consist of land, land improvements, buildings, machinery and equipment, and infrastructure, are reported in the government-wide financial statements.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Construction period interest is not capitalized on constructed capital assets.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Government-Wide Financial Statements (Continued)

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

| Capital Asset Type | Estimated Useful Life (in years) |
|---------------------------------|---|
| Land improvements..... | 20 |
| Buildings and improvements..... | 20 - 50 |
| Machinery and equipment..... | 5 - 15 |
| Infrastructure..... | 40 - 75 |

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

Governmental Fund Financial Statements

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

K. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

Transfers between and within funds are not eliminated from the individual fund statements and are reported as transfers in and transfers out.

M. Deferred Outflows of Resources

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

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

N. Deferred Inflows of Resources

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

The government has unavailable revenue that is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

O. Net Position and Fund Balances

Government-Wide Financial Statements (Net Position)

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position and Fund Balances (Continued)

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

Net position has been “restricted” for the following:

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

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

“Loans” represents outstanding septic loans receivable.

“Debt service” represents amounts restricted for debt service.

“OPEB” represents amounts accumulated for other postemployment benefits.

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

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

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

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

Governmental Funds Financial Statements (Fund Balances)

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

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

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position and Fund Balances (Continued)

Governmental Funds Financial Statements (Fund Balances) (Continued)

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

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

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

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

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

P. Long-Term Debt

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

Q. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

S. Pensions

Government-Wide and Fund Financial Statements

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

T. Post-Retirement Benefits

Government-Wide and Fund Financial Statements

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

U. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

V. Total Column

Fund Financial Statements

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The municipal finance laws of the Commonwealth of Massachusetts require the adoption of a balanced budget that is approved by Town Meeting vote. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

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

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

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

An annual budget is adopted for the general fund and community preservation fund in conformity with the guidelines described above. The original fiscal year 2015 approved budget for the general fund authorized \$26,804,718 in appropriations and other amounts to be raised. The original fiscal year 2015 approved budget for the community preservation fund authorized \$569,000 in appropriations. During fiscal year 2015, appropriations were increased by \$102,000.

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

B. Fund Deficits

At June 30, 2015, the following fund deficits exist:

| <u>Fund</u> | <u>Amount</u> | <u>Funding Source</u> |
|--|---------------|-----------------------|
| Land purchase capital projects fund (major fund) | \$ 400,000 | Long-term debt |
| School construction capital projects fund | 39,755 | Long-term debt |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DEPOSITS AND INVESTMENTS

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

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

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town’s deposits may not be recovered. The Town does not have a policy for custodial credit risk of deposits. As of June 30, 2015, \$6,681,137 of the Town’s bank balance of \$10,004,152 was uninsured and uncollateralized.

Investments Summary

The Town’s investments at June 30, 2015 are presented below. All investments are presented by investment type. All investments mature in less than 1 year and therefore are shown as cash and cash equivalents on the financial statements.

| Investment Type | Fair Value |
|--------------------------------|--------------|
| Money market mutual funds..... | \$ 237,923 |
| Fixed income mutual funds..... | 243,801 |
| Equity mutual funds..... | 743,592 |
| External investment pools..... | 1,489,963 |
| Total debt securities..... | \$ 2,715,279 |

Investments - Interest Rate Risk of Debt Securities

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2015, the Town was not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities. As of June 30, 2015, the Town's investment in debt securities were unrated for credit quality.

NOTE 4 ACCOUNTS RECEIVABLE

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

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|--|-------------------|------------------------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Receivables: | | | |
| Real estate and personal property taxes.... \$ | 236,108 | \$ (4,746) | \$ 231,362 |
| Real estate tax deferrals..... | 63,961 | - | 63,961 |
| Tax liens..... | 54,759 | - | 54,759 |
| Motor vehicle and other excise taxes..... | 48,864 | (43,244) | 5,620 |
| Community preservation surcharges..... | 4,758 | - | 4,758 |
| Departmental and other..... | 13,213 | - | 13,213 |
| Notes..... | 102,738 | (102,738) | - |
| Intergovernmental..... | 310,816 | - | 310,816 |
| Loans..... | 4,275 | - | 4,275 |
| | <u>\$ 839,492</u> | <u>\$ (150,728)</u> | <u>\$ 688,764</u> |

NOTE 5 LONG-TERM NOTE RECEIVABLE

During fiscal year 2013, the Town issued a \$425,000 long-term note to an affordable housing developer. The note is interest free and matures on January 5, 2044. The present value of the note (based on an effective interest rate of 5%) totals \$102,738, and has been fully reserved as uncollectible at June 30, 2015.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 LONG-TERM NOTE RECEIVABLE (CONTINUED)

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 five percent (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 6 CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|--------------------|---------------------------|
| Governmental Activities: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land..... | \$ 9,718,798 | \$ - | \$ - | \$ 9,718,798 |
| Intangible assets..... | 560,150 | - | - | 560,150 |
| Construction in progress..... | 26,918 | 5,500 | (19,250) | 13,168 |
| Total capital assets not being depreciated..... | <u>10,305,866</u> | <u>5,500</u> | <u>(19,250)</u> | <u>10,292,116</u> |
| <u>Capital assets being depreciated:</u> | | | | |
| Land improvements..... | 746,835 | 144,700 | - | 891,535 |
| Buildings and improvements..... | 34,115,389 | 250,589 | (8,875) | 34,357,103 |
| Machinery and equipment..... | 5,232,094 | 307,992 | (71,636) | 5,468,450 |
| Infrastructure..... | 28,501,015 | 137,738 | - | 28,638,753 |
| Total capital assets being depreciated..... | <u>68,595,333</u> | <u>841,019</u> | <u>(80,511)</u> | <u>69,355,841</u> |
| <u>Less accumulated depreciation for:</u> | | | | |
| Land improvements..... | (722,417) | (13,859) | - | (736,276) |
| Buildings and improvements..... | (7,803,862) | (846,487) | 1,553 | (8,648,796) |
| Machinery and equipment..... | (3,886,487) | (311,006) | 71,636 | (4,125,857) |
| Infrastructure..... | (23,676,326) | (267,480) | - | (23,943,806) |
| Total accumulated depreciation..... | <u>(36,089,092)</u> | <u>(1,438,832)</u> | <u>73,189</u> | <u>(37,454,735)</u> |
| Total capital assets being depreciated, net..... | <u>32,506,241</u> | <u>(597,813)</u> | <u>(7,322)</u> | <u>31,901,106</u> |
| Total governmental activities capital assets, net..... | <u>\$ 42,812,107</u> | <u>\$ (592,313)</u> | <u>\$ (26,572)</u> | <u>\$ 42,193,222</u> |

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

| | |
|---|---------------------|
| Governmental Activities: | |
| General government..... | \$ 65,372 |
| Public safety..... | 244,853 |
| Education..... | 758,042 |
| Public works..... | 338,993 |
| Health and human services..... | 1,375 |
| Culture and recreation..... | <u>30,197</u> |
| Total depreciation expense - governmental activities..... | <u>\$ 1,438,832</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 INTERFUND TRANSFERS

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

| Transfers Out: | Transfers In: | | | Total |
|---------------------------------|-----------------|---------------------------|-----------------------------------|----------------|
| | General Fund | Community Preservation | Nonmajor Governmental Funds | |
| Community Preservation..... | \$ - | \$ - | \$ 175,000 | \$ 175,000 (1) |
| Nonmajor Governmental Funds.... | 87,000 | 50,000 | - | 137,000 (2) |
| | \$ 87,000 | \$ 50,000 | \$ 175,000 | \$ 312,000 |

- (1) Represents transfers from the Community Preservation Fund to the Affordable Housing Trust Fund for the funding of new community preservation acts projects.
- (2) Represents budgeted transfer from the Ambulance Special Revenue Fund to the General Fund (\$87,000) and a budgeted transfer from the Affordable Housing Trust Fund to the Community Preservation Major Fund (\$50,000).

NOTE 8 SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2015 are as follows:

Notes Payable – Governmental Funds

| Type | Description | Origination Date | Maturity Date | Interest Rate | Balance at 6/30/2014 | Increases | Decreases | Balance at 6/30/2015 |
|------|-----------------------|---------------------|------------------|------------------|-------------------------|------------|----------------|-------------------------|
| BAN | School Project..... | 3/6/14 | 9/5/14 | 0.55% | \$ 800,000 | - | \$ (800,000) | - |
| BAN | Land Acquisition..... | 3/6/14 | 3/6/15 | 0.55% | 400,000 | - | (400,000) | - |
| BAN | School Project..... | 9/5/14 | 3/6/15 | 0.50% | - | 325,000 | (325,000) | - |
| BAN | Land Acquisition..... | 3/6/15 | 3/6/16 | 0.50% | - | 400,000 | - | 400,000 |
| BAN | School Project..... | 3/6/15 | 3/6/16 | 0.50% | - | 40,000 | - | 40,000 |
| | Total..... | | | | \$ 1,200,000 | \$ 765,000 | \$ (1,525,000) | \$ 440,000 |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term liabilities during the fiscal year ended June 30, 2015:

| | Balance June 30, 2014 | Increases | Decreases | Balance June 30, 2015 | Current Portion |
|-------------------------------------|-----------------------------|---------------------|-----------------------|-----------------------------|---------------------|
| Bonds and notes payable..... | \$ 16,160,000 | \$ - | \$ (1,000,000) | \$ 15,160,000 | \$ 1,035,000 |
| Unamortized premium..... | 486,632 | - | (41,593) | 445,039 | 39,848 |
| Bonds and notes payable, gross..... | 16,646,632 | - | (1,041,593) | 15,605,039 | 1,074,848 |
| Net OPEB obligation..... | 4,960,605 | 993,118 | (120,335) | 5,833,388 | - |
| Net pension liability..... | 7,962,135 | 22,380 | - | 7,984,515 | - |
| Compensated absences..... | 247,327 | 30,540 | - | 277,867 | 93,606 |
| Total..... | <u>\$ 29,816,699</u> | <u>\$ 1,046,038</u> | <u>\$ (1,161,928)</u> | <u>\$ 29,700,809</u> | <u>\$ 1,168,454</u> |

Bonds and notes payable are liquidated by the General Fund, Community Preservation Fund and Title V special revenue fund. Net OPEB obligations and compensated absences are generally liquidated by the General Fund.

NOTE 10 LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2015, and the debt service requirements are as follows:

Bonds and Notes Payable – Governmental Funds

| Project | Interest Rate (%) | Outstanding at June 30, 2014 | Additions | Deductions | Outstanding at June 30, 2015 |
|--|----------------------|------------------------------------|-------------|-----------------------|------------------------------------|
| Wastewater..... | 4.0 - 5.5 | \$ 720,000 | \$ - | \$ (60,000) | \$ 660,000 |
| Wastewater..... | 4.0 - 5.5 | 660,000 | - | (55,000) | 605,000 |
| Building construction - school - refunding..... | 2.0 - 3.0 | 58,000 | - | (12,000) | 46,000 |
| Land acquisition - conservation - refunding..... | 2.0 - 3.0 | 538,000 | - | (113,000) | 425,000 |
| Building addition - library - refunding..... | 2.0 - 3.0 | 364,000 | - | (80,000) | 284,000 |
| Fire truck..... | 2.0 - 3.0 | 249,000 | - | (51,000) | 198,000 |
| School boiler..... | 2.0 - 3.0 | 155,000 | - | (31,000) | 124,000 |
| Cisterns..... | 2.0 - 3.0 | 106,000 | - | (23,000) | 83,000 |
| School project..... | 2.0 - 4.0 | 12,385,000 | - | (520,000) | 11,865,000 |
| Fire truck..... | 2.0 - 4.0 | 380,000 | - | (24,000) | 356,000 |
| School design..... | 2.0 - 4.0 | 190,000 | - | (10,000) | 180,000 |
| DPW roll-off truck..... | 2.0 - 4.0 | 136,000 | - | (10,000) | 126,000 |
| Dump truck..... | 2.0 - 4.0 | 127,000 | - | (7,000) | 120,000 |
| Cisterns..... | 2.0 - 4.0 | 52,000 | - | (4,000) | 48,000 |
| Community Septic Management Program..... | 0.0 | 40,000 | - | - | 40,000 |
| Sub-total..... | | <u>16,160,000</u> | <u>-</u> | <u>(1,000,000)</u> | <u>15,160,000</u> |
| Add: unamortized premium..... | | 486,632 | - | (41,593) | 445,039 |
| Total..... | | <u>\$ 16,646,632</u> | <u>\$ -</u> | <u>\$ (1,041,593)</u> | <u>\$ 15,605,039</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 LONG-TERM DEBT (CONTINUED)

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

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------|---------------------|----------------------|
| 2016..... | \$ 1,035,000 | \$ 483,674 | \$ 1,518,674 |
| 2017..... | 985,000 | 452,672 | 1,437,672 |
| 2018..... | 975,000 | 423,445 | 1,398,445 |
| 2019..... | 960,000 | 390,268 | 1,350,268 |
| 2020..... | 680,000 | 354,716 | 1,034,716 |
| 2021..... | 680,000 | 327,516 | 1,007,516 |
| 2022..... | 680,000 | 300,316 | 980,316 |
| 2023..... | 680,000 | 275,799 | 955,799 |
| 2024..... | 680,000 | 254,103 | 934,103 |
| 2025..... | 680,000 | 232,411 | 912,411 |
| 2026..... | 680,000 | 210,573 | 890,573 |
| 2027..... | 565,000 | 188,737 | 753,737 |
| 2028..... | 565,000 | 171,787 | 736,787 |
| 2029..... | 565,000 | 154,837 | 719,837 |
| 2030..... | 565,000 | 137,887 | 702,887 |
| 2031..... | 550,000 | 121,192 | 671,192 |
| 2032..... | 530,000 | 104,962 | 634,962 |
| 2033..... | 530,000 | 89,062 | 619,062 |
| 2034..... | 515,000 | 73,387 | 588,387 |
| 2035..... | 515,000 | 57,615 | 572,615 |
| 2036..... | 515,000 | 41,522 | 556,522 |
| 2037..... | 515,000 | 25,107 | 540,107 |
| 2038..... | 515,000 | 8,369 | 523,369 |
| Total..... | <u>\$ 15,160,000</u> | <u>\$ 4,879,957</u> | <u>\$ 20,039,957</u> |

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2015, the Town had the following authorized and unissued debt:

| Purpose | Amount |
|--------------------------------------|-------------------|
| Fire Truck..... | \$ 650,000 |
| Massachusetts Clean Water Trust..... | 160,000 |
| Cisterns..... | 4,000 |
| Total..... | <u>\$ 814,000</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 LONG-TERM DEBT (CONTINUED)

Overlapping Debt

The following table identifies the Town's overlapping debt at June 30, 2015:

| | <u>Outstanding Overlapping Debt</u> | <u>Overlapping Town Share (%)</u> | <u>Overlapping Town Share</u> |
|--|---|---|---------------------------------------|
| Concord-Carlisle Regional School District..... | \$ <u>60,780,000</u> | 26.29% | \$ <u>15,979,062</u> |

NOTE 11 OTHER POST EMPLOYMENT BENEFITS

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

The number of participants as of July 1, 2013, the latest actuarial valuation, is as follows:

| | |
|-------------------------------------|------------|
| Active employees..... | 171 |
| Retirees and surviving spouses..... | <u>53</u> |
| Total..... | <u>224</u> |

Funding Policy – The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health insurance contribution rates of Plan members and the Town (including Medicare Part B) are 50%, respectively. The Plan members and Town each contribute 50% towards a \$5,000 term life insurance premium. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town. During fiscal year 2015 the Town contributed \$250,000 to a separate OPEB fund. In accordance with GASB Statement No. 43 this OPEB fund does not meet the criteria of an OPEB plan. In addition, the transfers made to the OPEB do not meet the criteria of being accounted for as contributions towards the Town's net OPEB obligation per GASB Statement No. 45.

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table identifies the components of the Town's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the Town's net OPEB obligation:

| | Amount |
|---|------------------|
| Annual required contribution..... | \$ 1,064,544 |
| Interest on net OPEB obligation..... | 148,818 |
| Adjustment to annual required contribution..... | (220,244) |
| Annual OPEB cost..... | 993,118 |
| Contributions made..... | (120,335) |
| Increase in net OPEB obligation..... | 872,783 |
| Net OPEB obligation at beginning of year..... | 4,960,605 |
| Net OPEB obligation at end of year..... | \$ 5,833,388 |

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

| Fiscal Year Ended | Annual OPEB Cost (AOPEBC) | Percentage of AOPEBC Contributed | Net OPEB Obligation |
|----------------------|---------------------------------|--|---------------------------|
| June 30, 2013..... | \$ 893,637 | 12.1% | \$ 4,129,164 |
| June 30, 2014..... | 951,876 | 13.5% | 4,960,605 |
| June 30, 2015..... | 993,118 | 12.1% | 5,833,388 |

Funded Status and Funding Progress – The funded status of the Plan at July 1, 2013, the most recent actuarial valuation, was as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) Projected Unit Credit (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((B-A)/C) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 07/01/13 | \$ - | \$ 9,115,689 | \$ 9,115,689 | 0.0% | \$ 10,789,421 | 84% |

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

The significant methods and assumptions as of the latest actuarial valuation are as follows:

| | |
|-------------------------------------|--|
| Valuation date: | July 1, 2013 |
| Actuarial cost method: | Entry Age Normal |
| Amortization method: | Level percentage of projected payroll |
| Remaining amortization period: | 30 years |
| Interest discount rate: | 3.00% |
| Healthcare/Medical cost trend rate: | 9.0% decreasing 1.0% for 4 years to an ultimate level of 5.0% per year |
| Projected salary increases: | 3.50% annually |

Allocation of AOPEBC – AOPEBC costs were allocated to the Town’s functions as follows:

| | |
|---|-------------------|
| Governmental Activities: | |
| General government..... | \$ 92,219 |
| Public safety..... | 168,411 |
| Education..... | 643,191 |
| Public works..... | 70,865 |
| Health and human services..... | 15,063 |
| Culture and recreation..... | 3,369 |
| Total AOPEBC - governmental activities..... | <u>\$ 993,118</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 FUND BALANCES

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

| | General | Community Preservation | Land Acquisition | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------------------------|---------------------|---------------------------|---------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | | |
| Loans..... | \$ - | \$ - | \$ - | \$ 4,275 | \$ 4,275 |
| Permanent fund principal..... | - | - | - | 186,820 | 186,820 |
| Sub-total - Nonspendable..... | <u>-</u> | <u>-</u> | <u>-</u> | <u>191,095</u> | <u>191,095</u> |
| Restricted for: | | | | | |
| Community preservation..... | - | 1,581,983 | - | - | 1,581,983 |
| Affordable housing..... | - | - | - | 284,127 | 284,127 |
| Debt service..... | 445,040 | - | - | - | 445,040 |
| School lunch..... | - | - | - | 20,179 | 20,179 |
| Capital..... | - | - | - | 191,212 | 191,212 |
| General government..... | - | - | - | 225,531 | 225,531 |
| Public safety..... | - | - | - | 490,558 | 490,558 |
| Education..... | - | - | - | 394,284 | 394,284 |
| Public works..... | - | - | - | 330,270 | 330,270 |
| Health and human services..... | - | - | - | 159,117 | 159,117 |
| Culture and recreation..... | - | - | - | 450,632 | 450,632 |
| Other post employment benefits..... | 253,638 | - | - | - | 253,638 |
| Sub-total - Restricted..... | <u>698,678</u> | <u>1,581,983</u> | <u>-</u> | <u>2,545,910</u> | <u>4,826,571</u> |
| Committed to: | | | | | |
| Subsequent year's expenditures..... | 890,000 | - | - | - | 890,000 |
| Capital..... | - | - | - | - | - |
| Continuing appropriations..... | 436,491 | - | - | - | 436,491 |
| Sub-total - Committed..... | <u>1,326,491</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,326,491</u> |
| Assigned to: | | | | | |
| Encumbrances..... | 39,809 | - | - | - | 39,809 |
| Unassigned | <u>3,878,335</u> | <u>-</u> | <u>(400,000)</u> | <u>(39,755)</u> | <u>3,438,580</u> |
| | <u>\$ 5,943,313</u> | <u>\$ 1,581,983</u> | <u>\$ (400,000)</u> | <u>\$ 2,697,250</u> | <u>\$ 9,822,546</u> |

NOTE 13 STABILIZATION FUNDS

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

The balance of the stabilization fund at June 30, 2015 totals \$1,173,094 and is reported as unassigned fund balance in the general fund.

TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

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

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

NOTE 15 PENSION PLAN

General Information about the Pension Plan

Plan description. Employees of the Town deemed eligible by the Middlesex County Retirement Board are provided with pensions through the MCRS - a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex County Retirement Board. Membership in the MCRS is mandatory immediately upon the commencement of employment for all permanent employees (except for school department employees who serve in a teaching capacity) working a minimum of 20 hours per week. The MCRS issues a publicly available financial report that can be obtained by contacting the MCRS located at 25 Linnell Circle, Billerica, Massachusetts, 01821.

Benefits provided. The plan provides retirement, disability and death benefits. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Retirement benefits are provided up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is calculated as the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 15 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

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

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

Contributions. Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Active plan members contribute between 5 and 11% of their gross regular compensation. The contribution rate is based on the date plan membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Employers are required to pay an annual actuarially determined contribution that, when combined with employee contributions, is expected to finance the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the plan's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll. Contributions to the pension plan from the Town were \$726,609 for the year ended June 30, 2015.

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

At June 30, 2015, the Town reported a liability of \$7,984,515 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 for which update procedures were used to roll forward the total pension liability to the measurement date. The Town proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll, direct charges for early retirement incentives and the direct amortization of the actuarial determined net pension liability for employer members that no longer have active covered payroll.

At December 31, 2014, the Town proportion was 0.665%, which was the same proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$722,025. At June 30, 2015, the Town reported deferred outflows of resources related to pensions of \$26,964 from the net difference between projected and actual investment earnings on plan investments.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 15 PENSION PLAN (CONTINUED)

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

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

| <u>Year Ending June 30</u> | | |
|----------------------------|----|-------|
| 2016 | \$ | 6,741 |
| 2017 | | 6,741 |
| 2018 | | 6,741 |
| 2019 | | 6,741 |

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

| | |
|---------------------------|---|
| Inflation rate: | 4.00% |
| Salary increases | Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4 |
| Mortality Rates: | Pre-Retirement - The RP-2000 Employee Mortality Table projected 22 years with Scale AA |
| | Post-Retirement - The RP-2000 Employee Mortality Table projected 17 years with Scale AA |
| | Disabled Retiree - The RP-2000 Healthy Annuitant Mortality Table set forward three years projected 17 years with Scale AA |
| Investment rate of return | 7.875%, net of pension plan investment expense, including inflation (previously 8.0%) |

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2012 to January 1, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 15 PENSION PLAN (CONTINUED)

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2014 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|-------------------|--|
| Domestic Equity..... | 19.6% | 6.6% |
| International Equity - Developed Markets..... | 15.6% | 7.1% |
| International Equity - Emerging Markets..... | 6.5% | 9.4% |
| Core Fixed Income..... | 15.3% | 2.2% |
| High-Yield Fixed Income..... | 8.3% | 4.7% |
| Real Estate..... | 9.9% | 4.4% |
| Commodities..... | 3.9% | 4.4% |
| Short-Term Government Money Market..... | 0.0% | 1.8% |
| Hedge Fund, GTAA, Risk Parity..... | 9.8% | 3.9% |
| Private Equity..... | 11.1% | 11.7% |
| Totals..... | 100.0% | |

Discount rate. The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.875%, 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 1-percentage-point lower (6.875%) or 1-percentage-point higher (8.875%) than the current rate:

| | 1% Decrease (6.875%) | Current Discount Rate (7.875%) | 1% Increase (8.875%) |
|--|-------------------------|-----------------------------------|-------------------------|
| Town of Carlisle's Proportionate Share of the Net Pension Liability..... | \$ 9,654,978 | \$ 7,984,515 | \$ 6,562,318 |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MCRS financial report.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

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

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

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS.

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

Since the Town does not contribute directly to MTRS, the Town does not report a proportionate share of the net pension liability of the MTRS at June 30, 2015. The Commonwealth of Massachusetts's net pension liability associated with the Town was \$16,985,552.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

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

The MTRS' net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014.

For the year ended June 30, 2015, the Town recognized pension expense of \$1,180,068 associated with MTRS and revenue of the same amount for support provided by the Commonwealth of Massachusetts.

Actuarial assumptions. The MTRS' total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014. This valuation used the following assumptions:

| | |
|---------------------------|--|
| Investment rate of return | 8.0% |
| Salary increases | Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service |
| Mortality Rates: | Pre-retirement - reflects RP-2000 Employees table adjusted for "white-collar" employment projected 22 years with Scale AA (gender distinct) Post-retirement - reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct) Disability - reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct) set forward 3 years for males |
| Other | 3.5% interest rate credited to the annuity savings fund 3.0% cost of living increase per year |

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

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

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, 2014 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------------|-------------------|--|
| Global Equity..... | 43% | 7.2% |
| Core Fixed Income..... | 13% | 2.5% |
| Hedge Funds..... | 10% | 5.5% |
| Private Equity..... | 10% | 8.8% |
| Real Estate..... | 10% | 6.3% |
| Value Added Fixed Income..... | 10% | 6.3% |
| Timber/Natural Resources..... | 4% | 5.0% |
| Totals | <u>100%</u> | |

Discount rate. The discount rate used to measure the MTRS' total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 17 COMMITMENTS

The Town contracts with Wheelabrator, Inc. to dispose of solid waste and make certain payments (i.e., tipping fees) for such disposal at Wheelabrator, Inc.'s facility. The tipping fees payable under the contract for fiscal year 2015 were \$74/ton and totaled approximately \$143,000. Future tipping fees payable under the contract are as follows:

| Fiscal Year | Tipping Fee (per Ton) |
|----------------|-----------------------------|
| 2016 | \$ 63.00 |
| 2017 | 64.58 |
| 2018 | 66.19 |
| 2019 | 67.84 |
| 2020 | 69.54 |

NOTE 18 CONTINGENCIES

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

The Town participates in a number of federal award programs. The programs are subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 19 CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2015, the Town adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions. This pronouncement requires the restatement of the June 30, 2014, net position of the governmental activities as shown as follows:

| | Governmental Activities |
|---|----------------------------|
| Net Position, June 30, 2014, as Previously Reported..... | \$ 30,057,326 |
| Cumulative Affect of Application of GASB 68, Net Pension Liability..... | (7,962,135) |
| Net Position, June 30, 2014, as Restated..... | \$ 22,095,191 |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 20 FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 72, *Fair Value Measurement and Application*, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 73, *Accounting and Financial Reporting Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which is required to be implemented during fiscal year 2018. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement's future impact on the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

**TOWN OF CARLISLE, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015**

| | Prior Year Encumbrances and Continuing Appropriations | Original Budget | Supplemental Appropriations and Transfers | Final Budget |
|--|--|---------------------|---|---------------------|
| REVENUES | | | | |
| Real estate and personal property taxes | \$ - | \$ 23,876,699 | \$ - | \$ 23,876,699 |
| Motor vehicle and other excise taxes | - | 867,000 | - | 867,000 |
| Tax liens | - | - | - | - |
| Payments in lieu of taxes | - | 6,300 | - | 6,300 |
| Intergovernmental | - | 1,219,426 | - | 1,219,426 |
| Penalties and interest on taxes | - | 30,000 | - | 30,000 |
| Licenses and permits | - | 165,000 | - | 165,000 |
| Fines and forfeitures | - | 10,000 | - | 10,000 |
| Departmental and other | - | 121,400 | - | 121,400 |
| Investment income | - | 13,000 | - | 13,000 |
| TOTAL REVENUES | - | 26,308,825 | - | 26,308,825 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 76,339 | 1,353,256 | 67,077 | 1,496,672 |
| Public safety | 221,571 | 2,399,542 | (127,465) | 2,493,648 |
| Education | 39,694 | 17,052,206 | - | 17,091,900 |
| Public works | 6,850 | 1,110,880 | 87,741 | 1,205,471 |
| Health and human services | 15,078 | 88,822 | 225,173 | 329,073 |
| Culture and recreation | 47,909 | 1,003,861 | (219,526) | 832,244 |
| Pension benefits | - | 726,609 | - | 726,609 |
| Employee benefits | 34,353 | 1,050,000 | (34,000) | 1,050,353 |
| Property and liability insurance | - | 205,000 | - | 205,000 |
| State and county charges | - | 47,658 | - | 47,658 |
| Debt service: | | | | |
| Principal | - | 1,000,000 | - | 1,000,000 |
| Interest | - | 516,884 | 1,000 | 517,884 |
| TOTAL EXPENDITURES | 441,794 | 26,554,718 | - | 26,996,512 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (441,794) | (245,893) | - | (687,687) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 101,945 | - | 101,945 |
| Transfers out | - | (250,000) | - | (250,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | (148,055) | - | (148,055) |
| NET CHANGE IN FUND BALANCE | (441,794) | (393,948) | - | (835,742) |
| FUND BALANCE AT BEGINNING OF YEAR | 4,488,297 | 4,488,297 | 4,488,297 | 4,488,297 |
| FUND BALANCE AT END OF YEAR | \$ 4,046,503 | \$ 4,094,349 | \$ 4,488,297 | \$ 3,652,555 |

See accompanying Notes to Basic Financial Statements.

| Actual | Current Year Encumbrances and Continuing Appropriations | Actual and Encumbrances and Continuing Appropriations | Variance Positive/ (Negative) |
|---------------------|--|--|-------------------------------------|
| \$ 23,808,215 | \$ - | \$ 23,808,215 | \$ (68,484) |
| 903,488 | - | 903,488 | 36,488 |
| 20,024 | - | 20,024 | 20,024 |
| 14,367 | - | 14,367 | 8,067 |
| 1,219,665 | - | 1,219,665 | 239 |
| 41,048 | - | 41,048 | 11,048 |
| 120,021 | - | 120,021 | (44,979) |
| 8,055 | - | 8,055 | (1,945) |
| 184,749 | - | 184,749 | 63,349 |
| 12,765 | - | 12,765 | (235) |
| <u>26,332,397</u> | <u>-</u> | <u>26,332,397</u> | <u>23,572</u> |
| 1,361,443 | 107,061 | 1,468,504 | 28,168 |
| 2,228,135 | 222,885 | 2,451,020 | 42,628 |
| 17,035,300 | 63,167 | 17,098,467 | (6,567) |
| 1,197,677 | 300 | 1,197,977 | 7,494 |
| 272,071 | 24,285 | 296,356 | 32,717 |
| 777,082 | 53,601 | 830,683 | 1,561 |
| 726,609 | - | 726,609 | - |
| 830,819 | 5,000 | 835,819 | 214,534 |
| 188,283 | - | 188,283 | 16,717 |
| 47,658 | - | 47,658 | - |
| 1,000,000 | - | 1,000,000 | - |
| 517,699 | - | 517,699 | 185 |
| <u>26,182,776</u> | <u>476,299</u> | <u>26,659,075</u> | <u>337,437</u> |
| <u>149,621</u> | <u>(476,299)</u> | <u>(326,678)</u> | <u>361,009</u> |
| 101,945 | - | 101,945 | - |
| <u>(250,000)</u> | <u>-</u> | <u>(250,000)</u> | <u>-</u> |
| <u>(148,055)</u> | <u>-</u> | <u>(148,055)</u> | <u>-</u> |
| 1,566 | (476,299) | (474,733) | 361,009 |
| <u>4,488,297</u> | <u>4,488,297</u> | <u>4,488,297</u> | <u>-</u> |
| <u>\$ 4,489,863</u> | <u>\$ 4,011,998</u> | <u>\$ 4,013,564</u> | <u>\$ 361,009</u> |

**TOWN OF CARLISLE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015**

| | Prior Year Encumbrances and Continuing Appropriations | Original Budget | Supplemental Appropriations and Transfers | Final Budget |
|--|--|---------------------|---|-------------------|
| REVENUES | | | | |
| Community preservation surcharges | \$ - | \$ 380,000 | \$ - | \$ 380,000 |
| Tax liens | - | - | - | - |
| Penalties and interest on taxes | - | - | - | - |
| Intergovernmental | - | 189,000 | - | 189,000 |
| Investment income | - | - | - | - |
| | <u>-</u> | <u>569,000</u> | <u>-</u> | <u>569,000</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administrative | - | 2,500 | - | 2,500 |
| Acquisitions and projects | 214,273 | 566,500 | - | 780,773 |
| | <u>214,273</u> | <u>569,000</u> | <u>-</u> | <u>783,273</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | <u>(214,273)</u> | <u>-</u> | <u>-</u> | <u>(214,273)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 75,000 | 75,000 |
| Transfers out | (125,000) | - | (102,000) | (227,000) |
| | <u>(125,000)</u> | <u>-</u> | <u>(27,000)</u> | <u>(152,000)</u> |
| NET CHANGE IN FUND BALANCE | | | | |
| | (339,273) | - | (27,000) | (366,273) |
| FUND BALANCE AT BEGINNING OF YEAR | | | | |
| | <u>1,344,162</u> | <u>1,344,162</u> | <u>1,344,162</u> | <u>1,344,162</u> |
| FUND BALANCE AT END OF YEAR | | | | |
| | <u>\$ 1,004,889</u> | <u>\$ 1,344,162</u> | <u>\$ 1,317,162</u> | <u>\$ 977,889</u> |

| | <u>Actual</u> | <u>Current Year Encumbrances and Continuing Appropriations</u> | <u>Actual and Encumbrances and Continuing Appropriations</u> | <u>Variance Positive/ (Negative)</u> |
|----|-------------------------|--|--|--|
| \$ | 396,624 | \$ - | \$ 396,624 | \$ 16,624 |
| | 253 | - | 253 | 253 |
| | 509 | - | 509 | 509 |
| | 120,726 | - | 120,726 | (68,274) |
| | <u>1,080</u> | <u>-</u> | <u>1,080</u> | <u>1,080</u> |
| | <u>519,192</u> | <u>-</u> | <u>519,192</u> | <u>(49,808)</u> |
| | 1,750 | - | 1,750 | 750 |
| | <u>154,621</u> | <u>92,046</u> | <u>246,667</u> | <u>534,106</u> |
| | <u>156,371</u> | <u>92,046</u> | <u>248,417</u> | <u>534,856</u> |
| | <u>362,821</u> | <u>(92,046)</u> | <u>270,775</u> | <u>485,048</u> |
| | 50,000 | - | 50,000 | (25,000) |
| | <u>(175,000)</u> | <u>-</u> | <u>(175,000)</u> | <u>52,000</u> |
| | <u>(125,000)</u> | <u>-</u> | <u>(125,000)</u> | <u>27,000</u> |
| | 237,821 | (92,046) | 145,775 | 512,048 |
| | <u>1,344,162</u> | <u>1,344,162</u> | <u>1,344,162</u> | <u>-</u> |
| \$ | <u><u>1,581,983</u></u> | <u><u>1,252,116</u></u> | <u><u>1,489,937</u></u> | <u><u>512,048</u></u> |

**TOWN OF CARLISLE, MASSACHUSETTS
PENSION PLAN SCHEDULES
YEAR ENDED JUNE 30, 2015**

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

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| | |
|---|--------------|
| | <u>2015*</u> |
| Town's proportion of the net pension liability..... | 0.665% |
| Town's proportionate share of the net pension liability..... | \$ 7,984,515 |
| Town's covered-employee payroll..... | \$ 4,542,103 |
| Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll..... | 175.79% |
| Plan fiduciary net position as a percentage of the total pension liability..... | 47.65% |

*The amounts presented were determined as of December 31, 2014.

SCHEDULE OF TOWN CONTRIBUTIONS

| | |
|---|------------------|
| | <u>2015</u> |
| Actuarially Required Contribution..... | \$ 726,609 |
| Contributions in Relation to the Actuarially Required Contribution..... | (726,609) |
| Contribution Deficiency (Excess)..... | <u>\$ -</u> |
| Town's Covered-Employee Payroll..... | \$ 4,542,103 |
| Contributions as a Percentage of Covered Employee Payroll..... | 16.00% |

**TOWN OF CARLISLE, MASSACHUSETTS
PENSION PLAN SCHEDULES
YEAR ENDED JUNE 30, 2015**

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

| | |
|---|---------------|
| | 2015 |
| Town's proportion of the net pension liability..... | 0.00% |
| Town's proportionate share of the net pension liability..... | \$ - |
| Commonwealth's proportionate share of the net pension liability associated with the Town..... | 16,985,552 |
| Total..... | \$ 16,985,552 |
| Town's covered-employee payroll..... | \$ 6,551,624 |
| Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll..... | N/A |
| Plan fiduciary net position as a percentage of the total pension liability..... | 61.64% |

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

| | |
|---|--------------|
| | 2015 |
| Contractually required contribution..... | \$ - |
| Contributions in relation to the contractually required contribution..... | - |
| Contribution deficiency (excess)..... | \$ - |
| Town's covered-employee payroll..... | \$ 6,551,624 |
| Contributions as a percentage of covered-employee payroll..... | N/A |

**TOWN OF CARLISLE, MASSACHUSETTS
OTHER POSTEMPLOYMENT BENEFITS SCHEDULE
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED JUNE 30, 2015**

The following schedule provides information related to the Town's other postemployment benefits plan:

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Liability (AAL) Projected Unit Credit (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((B-A)/C) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 03/01/08 | \$ - | \$ 6,833,708 | \$ 6,833,708 | 0.0% | \$ 9,034,961 | 76% |
| 07/01/09 | - | 7,956,352 | 7,956,352 | 0.0% | 9,197,150 | 87% |
| 07/01/11 | - | 7,900,998 | 7,900,998 | 0.0% | 9,834,071 | 80% |
| 07/01/13 | - | 9,115,689 | 9,115,689 | 0.0% | 10,789,421 | 84% |

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

NOTE A BUDGETARY – GAAP RECONCILIATION

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

General Fund

| | <u>Revenues</u> | <u>Expenditures</u> | <u>Other Financing Sources (Uses)</u> |
|--|----------------------|----------------------|---|
| Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual..... | \$ 26,332,397 | \$ 26,659,075 | \$ (148,055) |
| <u>Reclassifications</u> | | | |
| Activity of stabilization and OPEB funds recorded in the general fund for GAAP purposes..... | 6,002 | - | 235,055 |
| <u>Adjustments</u> | | | |
| Net change in recording 60-day receipts..... | 41,048 | - | - |
| Net change in recording tax refunds payable..... | 175,000 | - | - |
| Net change in recording short-term interest accrual..... | - | (2,098) | - |
| To record encumbrances and continuing appropriations..... | - | (476,299) | - |
| | <u>26,554,447</u> | <u>26,180,678</u> | <u>87,000</u> |
| GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances..... | \$ <u>26,554,447</u> | \$ <u>26,180,678</u> | \$ <u>87,000</u> |

CPA Fund

| | <u>Expenditures</u> |
|--|---------------------|
| Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual..... | \$ 248,417 |
| <u>Adjustments</u> | |
| To record encumbrances and continuing appropriations..... | (92,046) |
| | <u>156,371</u> |
| GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances..... | \$ <u>156,371</u> |