

TOWN OF CARLISLE, MASSACHUSETTS
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021



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**TOWN OF CARLISLE, MASSACHUSETTS
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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Honorable Select Board
Town of Carlisle, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Carlisle, Massachusetts, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Carlisle, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Carlisle, Massachusetts, as of June 30, 2021, 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 Matter

During the fiscal year ended June 30, 2021, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result, the Town reported a restatement for the change in accounting principle (see Note 1). Our auditors' opinions were not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2022 on our consideration of the Town of Carlisle, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Carlisle's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Carlisle, Massachusetts' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
May 18, 2022

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As management of the Town of Carlisle, Massachusetts (the Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2021.

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 \$18,389,605 (net position).
- The Town's total net position increased by \$1,112,601.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$4,865,642, or 14.0%, of total general fund revenues and other financing sources of \$34,773,933.
- The Town's total bonded debt outstanding was \$14,044,089 at June 30, 2021, a decrease of \$186,754 during the fiscal year. Long-term debt in the amount of \$73,500 was accrued in fiscal year 2021.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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 22 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 and community preservation (special revenue) funds, each of which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental funds financial statements can be found on pages 13-16 of this report.

Fiduciary Funds

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

The fiduciary funds report an OPEB Trust Fund for resources held for other postemployment benefits. The fiduciary funds also provide separate information for private-purpose trust funds and custodial funds, and are combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "custodial funds", respectively.

The basic fiduciary fund financial statements can be found on pages 17-18 of this report.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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 19-52.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and community preservation fund and certain pension and other postemployment benefits information, which can be found on pages 53-62 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,389,605 at the close of the fiscal year and are summarized as follows:

	2021	2020
Assets:		
Current Assets	\$ 15,897,904	\$ 16,421,802
Noncurrent Assets (Excluding Capital Assets)	98,675	103,358
Capital Assets (Net)	43,825,772	43,697,973
Total Assets	59,822,351	60,223,133
Deferred Outflows of Resources	4,914,550	6,743,002
Liabilities:		
Current Liabilities (Excluding Debt)	2,760,023	2,410,689
Noncurrent Liabilities (Excluding Debt)	21,445,953	31,715,872
Current Debt - Short-Term Notes Payable	-	617,625
Current Debt - Long-Term Bonds Payable	1,101,711	709,771
Noncurrent Debt	12,942,378	13,521,072
Total Liabilities	38,250,065	48,975,029
Deferred Inflows of Resources	8,097,231	758,740
Net Position:		
Net Investment in Capital Assets	30,178,308	29,689,172
Restricted	6,812,310	7,752,893
Unrestricted	(18,601,013)	(20,209,699)
Total Net Position	\$ 18,389,605	\$ 17,232,366

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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

Changes in Net Position

The Town's total net position increased by \$1,112,601, compared to a decrease of \$1,013,059 in the prior fiscal year. These amounts are summarized as follows:

	2021	2020
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,229,732	\$ 1,024,604
Operating Grants and Contributions	6,159,280	5,279,731
Capital Grants and Contributions	692,147	135,941
General Revenues:		
Real Estate and Personal Property Taxes	28,294,022	28,473,958
Motor Vehicle Excise Taxes	1,055,159	1,014,233
Penalties and Interest on Taxes	91,259	56,399
Payments in Lieu of Taxes	6,291	6,694
Community Preservation Surcharges	488,762	492,794
Grants and Contributions not Restricted to Specific Programs	565,543	530,078
Unrestricted Investment Income	7,651	96,843
Total Revenues	38,589,846	37,111,275
Expenses:		
General Government	2,677,365	2,346,898
Public Safety	4,553,173	4,470,806
Education	25,858,524	27,003,468
Public Works	1,903,384	1,931,347
Health and Human Services	852,981	740,703
Culture and Recreation	1,222,839	1,229,609
Debt Service - Interest	408,979	401,503
Total Expenses	37,477,245	38,124,334
CHANGE IN NET POSITION	1,112,601	(1,013,059)
Net Position - Beginning of Year, as Restated	17,277,004	18,245,425
NET POSITION - END OF YEAR	\$ 18,389,605	\$ 17,232,366

Governmental activities increased the Town's net position by \$1,112,601. The key element of the increase in net position relates to a net decrease in the Town's net OPEB liability and related balances of approximately \$1,300,000.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Fund Financial Statement Analysis

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

Governmental funds

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

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$12,155,386, a decrease of \$771,189 in comparison with the prior year. Unassigned fund balance totaled \$4,007,239. The remainder of governmental fund balance includes the following constraints (as detailed in Note 12 in the Notes to Basic Financial Statements) for:

1. Nonspendable - \$100,535
2. Restricted - \$6,553,772
3. Committed - \$1,366,591
4. Assigned - \$127,249

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$4,865,642, while total fund balance was \$6,592,771. 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 14.0% of total general fund revenues and other financing sources, while total fund balance represents 19.0% of that total.

The fund balance of the Town's general fund decreased by \$1,085,557 during the current fiscal year on a GAAP-basis of accounting. On a budgetary basis of accounting, the Town recognized a positive budget to actual variance of approximately \$1,188,000.

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

The fund balance of the community preservation fund (special revenue) increased by \$612,256 during the current fiscal year. The fund recognized \$492,431 in surcharges, \$1,459 in liens and penalties and interest, \$141,070 in intergovernmental revenues and \$193 of investment income. Expenditures of \$22,897 were incurred during the fiscal year.

General Fund Budgetary Highlights

The original fiscal year 2021 approved budget for the general fund authorized \$31,272,554 in appropriations and other amounts to be raised. During fiscal year 2021, supplemental appropriations totaling \$333,001 were authorized.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

General Fund Trends

	2021	2020	2019	2018	2017
General Fund - Operating Component:					
Total Fund Balance	\$ 5,392,663	\$ 6,480,550	\$ 5,693,904	\$ 5,180,019	\$ 4,501,355
Less Restrictions for:					
Debt Service (a)	233,289	263,287	295,787	356,410	372,215
OPEB (b)	-	1,960,208	1,484,632	1,045,326	731,898
Less Commitments for:					
Subsequent Year's Expenditures (c)	500,000	-	250,000	497,730	310,000
Continuing Appropriations	866,591	593,275	746,900	317,751	243,661
Less Assignments for:					
Encumbrances	127,249	62,849	155,463	157,303	39,708
Unassigned Fund Balance	3,665,534	3,600,931	2,761,122	2,805,499	2,803,873
General Fund - Stabilization Component:					
Total Fund Balance (Unassigned)	1,200,108	1,197,778	1,177,235	1,162,384	1,158,710
Total General Fund Balance	<u>\$ 6,592,771</u>	<u>\$ 7,678,328</u>	<u>\$ 6,871,139</u>	<u>\$ 6,342,403</u>	<u>\$ 5,660,065</u>
Total General Fund Revenue and Other Financing Sources (OFS)	<u>\$ 34,773,933</u>	<u>\$ 34,522,772</u>	<u>\$ 33,182,809</u>	<u>\$ 32,242,429</u>	<u>\$ 30,589,954</u>
Total General Fund (Operating)					
Unassigned Fund Balance as % of Total General Fund Revenues and OFS	<u>10.5%</u>	<u>10.4%</u>	<u>8.4%</u>	<u>8.7%</u>	<u>9.2%</u>
Total General Fund (Stabilization)					
Unassigned Fund Balance as % of Total General Fund Revenues and OFS	<u>3.5%</u>	<u>3.5%</u>	<u>3.5%</u>	<u>3.6%</u>	<u>3.8%</u>
Total General Fund					
Unassigned Fund Balance as % of Total General Fund Revenues and OFS	<u>14.0%</u>	<u>13.9%</u>	<u>11.9%</u>	<u>12.3%</u>	<u>13.0%</u>

- (a) The fund balance restriction for debt service represents amounts accumulated for the future annual repayments of debt.
- (b) The fund balance restriction for OPEB represents amounts accumulated for other postemployment benefits prior to establishing an OPEB Trust Fund in accordance with GASB in fiscal year 2021.
- (c) Net changes in the commitment for subsequent year's expenditures are attributable to net changes in the amount of fund balance that the Town votes to fund a portion of the subsequent fiscal year's operating budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities at the end of the fiscal year totaled \$43,825,772 (net of accumulated depreciation). This investment in capital assets includes land, intangible assets, construction in progress, land improvements, buildings, machinery and equipment, and infrastructure. The increase in the investment in capital assets for the current fiscal year totaled \$127,799.

**TOWN OF CARLISLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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

	<u>2021</u>	<u>2020</u>
Land	\$ 10,218,798	\$ 10,218,798
Intangible Assets	560,150	560,150
Construction in Progress	3,104,814	2,618,490
Land Improvements	102,669	120,110
Buildings	21,078,901	21,948,714
Machinery and Equipment	1,927,683	1,864,710
Infrastructure	<u>6,832,757</u>	<u>6,367,001</u>
Total Capital Assets	<u>\$ 43,825,772</u>	<u>\$ 43,697,973</u>

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

Long-Term Debt

At the end of the current fiscal year, total bonded debt is summarized as follows:

	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$ 13,360,000	\$ 13,966,500
Add: Unamortized Premium	<u>684,089</u>	<u>264,343</u>
Total Bonds and Notes and Unamortized Premiums	<u>\$ 14,044,089</u>	<u>\$ 14,230,843</u>

The Town's total bonded debt decreased \$186,754 during the current fiscal year. The Town received an Aa1 rating from Moody's Investor Service for its issuance of long-term debt in fiscal year 2021. The Town's general practice is to rollover Bond Anticipation Notes (BANs) until it becomes financially advantageous (within regulatory limitations) to bond the debt. The statutory limitation of BANs is 10 years. In fiscal year 2021, the Town paid down \$617,625 on BAN principal at the time of renewal. State statutes limit the amount of general obligation debt the Town may issue to 5% of its total assessed valuation. Based upon the 2020 equalized valuation by the Commissioner of Revenue, the current debt limit is \$82,858,365, which is \$68,814,276 in excess of the Town's current outstanding debt. The Town currently utilizes 16.9% of its available debt limit.

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

Economic Factors

1. An OPEB Trust was established in during the fiscal year and had a balance of \$2,555,759 on June 30, 2021. The net OPEB liability was reduced from \$20,321,196 to \$10,769,808.
2. The Town maintains good reserves, with an unassigned fund balance that equals 14% of the total general fund revenues and other financing sources.

REQUESTS FOR INFORMATION

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

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	<u>Primary Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 8,565,515
Restricted Cash and Cash Equivalents	5,865,993
Receivables, Net of Allowance for Uncollectible Amounts:	
Real Estate and Personal Property Taxes	319,494
Tax Liens	62,486
Motor Vehicle Excise Taxes	129,663
Community Preservation Surcharges	6,470
Department and Other	53,354
Intergovernmental	892,392
Loans	2,537
Total Current Assets	<u>15,897,904</u>
 NONCURRENT ASSETS	
Receivables, Net of Allowance for Uncollectible Amounts:	
Loans	10,149
Tax Foreclosures	88,526
Capital Assets Not Being Depreciated	13,883,762
Capital Assets, Net of Accumulated Depreciation	29,942,010
Total Noncurrent Assets	<u>43,924,447</u>
 Total Assets	 59,822,351
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to OPEB	4,033,355
Deferred Outflows of Resources Related to Pension	881,195
Total Deferred Outflows of Resources	<u>4,914,550</u>
 Assets and Deferred Outflows of Resources	 <u><u>\$ 64,736,901</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021**

	<u>Primary Governmental Activities</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES	
Warrants Payable	\$ 794,722
Accrued Payroll	972,947
Other Liabilities	265,012
Unearned Revenue	274,860
Accrued Interest	126,430
Workers' Compensation Claims	108,841
Compensated Absences	217,211
Long-Term Bonds and Notes Payable	1,101,711
Total Current Liabilities	<u>3,861,734</u>
NONCURRENT LIABILITIES	
Compensated Absences	326,381
Net OPEB Liability	10,769,808
Net Pension Liability	10,349,764
Long-Term Bonds and Notes Payable	12,942,378
Total Noncurrent Liabilities	<u>34,388,331</u>
Total Liabilities	38,250,065
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to OPEB	7,180,771
Deferred Inflows of Resources Related to Pension	916,460
Total Deferred Inflows of Resources	<u>8,097,231</u>
NET POSITION	
Net Investment in Capital Assets	30,178,308
Restricted for:	
Community Preservation	3,079,828
Affordable Housing	94,868
Loans	12,686
Debt Service	233,289
Permanent Funds:	
Expendable	624,376
Nonexpendable	87,849
Other Specific Purposes	2,679,414
Unrestricted	(18,601,013)
Total Net Position	<u>18,389,605</u>
Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 64,736,901</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)/ Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities:					
General Government	\$ 2,677,365	\$ 216,475	\$ 448,375	\$ -	\$ (2,012,515)
Public Safety	4,553,173	553,469	238,089	-	(3,761,615)
Education	25,858,524	89,257	5,302,948	-	(20,466,319)
Public Works	1,903,384	66,213	11,943	668,094	(1,157,134)
Health and Human Services	852,981	112,883	110,567	24,053	(605,478)
Culture and Recreation	1,222,839	191,435	47,358	-	(984,046)
Debt Service-Interest	408,979	-	-	-	(408,979)
Total Governmental Activities	<u>\$ 37,477,245</u>	<u>\$ 1,229,732</u>	<u>\$ 6,159,280</u>	<u>\$ 692,147</u>	<u>(29,396,086)</u>
General Revenues:					
					28,294,022
					1,055,159
					91,259
					6,291
					488,762
					565,543
					7,651
					<u>30,508,687</u>
CHANGE IN NET POSITION					1,112,601
Net Position - Beginning of Year, as Restated					<u>17,277,004</u>
NET POSITION - END OF YEAR					<u>\$ 18,389,605</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
GOVERNMENTAL FUNDS – BALANCE SHEET
JUNE 30, 2021**

ASSETS	<u>General</u>	<u>Community Preservation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 8,565,515	\$ -	\$ -	\$ 8,565,515
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes	319,494	-	-	319,494
Tax Liens	62,486	-	-	62,486
Motor Vehicle Excise Taxes	129,663	-	-	129,663
Community Preservation Surcharges	-	6,470	-	6,470
Departmental and Other	-	-	53,354	53,354
Intergovernmental	4,037	-	888,355	892,392
Loans	-	-	12,686	12,686
Tax Foreclosures	88,526	-	-	88,526
Restricted Assets:				
Cash and Cash Equivalents	-	3,073,808	2,792,185	5,865,993
Total Assets	<u>\$ 9,169,721</u>	<u>\$ 3,080,278</u>	<u>\$ 3,746,580</u>	<u>\$ 15,996,579</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Warrants Payable	\$ 592,051	\$ 450	\$ 202,221	\$ 794,722
Accrued Payroll	952,400	-	20,547	972,947
Other Liabilities	258,592	-	6,420	265,012
Unearned Revenue	-	-	274,860	274,860
Workers' Compensation Claims	108,841	-	-	108,841
Total Liabilities	<u>1,911,884</u>	<u>450</u>	<u>504,048</u>	<u>2,416,382</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	665,066	6,470	753,275	1,424,811
 FUND BALANCES				
Nonspendable	-	-	100,535	100,535
Restricted	233,289	3,073,358	3,247,125	6,553,772
Committed	1,366,591	-	-	1,366,591
Assigned	127,249	-	-	127,249
Unassigned	4,865,642	-	(858,403)	4,007,239
Total Fund Balances	<u>6,592,771</u>	<u>3,073,358</u>	<u>2,489,257</u>	<u>12,155,386</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 9,169,721</u>	 <u>\$ 3,080,278</u>	 <u>\$ 3,746,580</u>	 <u>\$ 15,996,579</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
GOVERNMENTAL FUNDS – STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real Estate and Personal Property Taxes	\$ 28,427,119	\$ -	\$ -	\$ 28,427,119
Motor Vehicle Excise Taxes	960,676	-	-	960,676
Payments in Lieu of Taxes	6,291	-	-	6,291
Community Preservation Surcharges	-	492,431	-	492,431
Charges for Services	-	-	119,635	119,635
Intergovernmental	4,906,710	141,070	1,466,138	6,513,918
Penalties and Interest on Taxes	89,064	1,459	736	91,259
Licenses and Permits	159,474	-	-	159,474
Fines and Forfeitures	3,823	-	-	3,823
Departmental and Other	140,378	-	856,075	996,453
Contributions	-	-	215,124	215,124
Investment Income	7,354	193	1,984	9,531
Total Revenues	<u>34,700,889</u>	<u>635,153</u>	<u>2,659,692</u>	<u>37,995,734</u>
EXPENDITURES				
General Government	1,933,907	22,897	250,720	2,207,524
Public Safety	2,943,301	-	772,941	3,716,242
Education	22,573,277	-	1,128,340	23,701,617
Public Works	1,411,462	-	997,578	2,409,040
Health and Human Services	349,978	-	348,394	698,372
Culture and Recreation	822,131	-	162,080	984,211
Pension Benefits	1,057,819	-	-	1,057,819
Employee Benefits	3,146,091	-	-	3,146,091
Property and Liability Insurance	275,631	-	-	275,631
State and County Charges	54,924	-	-	54,924
Debt Service:				
Principal	680,000	-	-	680,000
Interest	358,469	-	-	358,469
Total Expenditures	<u>35,606,990</u>	<u>22,897</u>	<u>3,660,053</u>	<u>39,289,940</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(906,101)	612,256	(1,000,361)	(1,294,206)
OTHER FINANCING SOURCES (USES)				
Proceeds of Bonds and Notes	-	-	73,500	73,500
Premium from Issuance of Bonds and Notes	-	-	449,517	449,517
Transfers In	73,044	-	252,500	325,544
Transfer Out	(252,500)	-	(73,044)	(325,544)
Total Other Financing Sources (Uses)	<u>(179,456)</u>	<u>-</u>	<u>702,473</u>	<u>523,017</u>
NET CHANGE IN FUND BALANCES	(1,085,557)	612,256	(297,888)	(771,189)
Fund Balances - Beginning of Year, as Restated	<u>7,678,328</u>	<u>2,461,102</u>	<u>2,787,145</u>	<u>12,926,575</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,592,771</u>	<u>\$ 3,073,358</u>	<u>\$ 2,489,257</u>	<u>\$ 12,155,386</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS – BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Governmental Fund Balances	\$ 12,155,386
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	43,825,772
In the statement of net position, deferred outflows and inflows of resources are reported for amounts related to:	
OPEB	(3,147,416)
Pension	(35,265)
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	1,424,811
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.	(126,430)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and Notes Payable, Net of Unamortized Premiums	(14,044,089)
Compensated Absences	(543,592)
Net OPEB Liability	(10,769,808)
Net Pension Liability	<u>(10,349,764)</u>
Net Position of Governmental Activities	<u>\$ 18,389,605</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ (771,189)

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.

Capital Outlays, Contributions, and Disposals	1,699,102
Depreciation	(1,571,303)

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.

Proceeds of Bonds	(73,500)
Premiums of Bonds	(449,517)
Bond Maturities	680,000

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:

Compensated Absences	(81,234)
Net OPEB Liability	9,551,388
Net Pension Liability	752,194

In the statement of activities, deferred outflows related to OPEB are amortized and recognized as employee benefits expense. This amount represents the net change in deferred outflows related to OPEB. (1,061,302)

In the statement of activities, deferred inflows related to OPEB are amortized and recognized as employee benefits expense. This amount represents the net change in deferred inflows related to OPEB. (7,180,771)

In the statement of activities, deferred outflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to pensions. (767,150)

In the statement of activities, deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to pensions. (157,720)

This amount represents the net change in deferred inflows of resources related to unavailable revenue, the net change in accrued interest payable and net amortization of bond premiums. 543,603

Changes in Net Position of Governmental Activities \$ 1,112,601

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	OPEB Trust Fund	Private Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 4,864	\$ 297,633	\$ 18,971
Investments:			
Equities	1,832,766	-	-
Fixed Income Securities	536,085	-	-
Private Equity	182,044	-	-
Total Assets	2,555,759	297,633	18,971
NET POSITION			
Held in Trust for Other Postemployment Benefits and Other Purposes	2,555,759	297,633	-
Held for Individuals, Organizations or Other Governments	-	-	18,971
Total Net Position	\$ 2,555,759	\$ 297,633	\$ 18,971

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021**

	OPEB Trust Fund	Private Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions:			
Employer	\$ 2,427,766	\$ -	\$ -
Net Investment Income:			
Net Realized and Unrealized Gains	530,854	68	-
Tax and Fee Collections for Other Governments	-	-	27,874
Total Additions	<u>2,958,620</u>	<u>68</u>	<u>27,874</u>
DEDUCTIONS			
Retirement Benefits and Refunds	402,861	-	-
Scholarships Awarded	-	5,875	-
Payments of Taxes and Fees to Other Governments	-	-	11,024
Total Deductions	<u>402,861</u>	<u>5,875</u>	<u>11,024</u>
CHANGE IN NET POSITION	2,555,759	(5,807)	16,850
Net Position - Beginning of Year, as Restated	<u>-</u>	<u>303,440</u>	<u>2,121</u>
NET POSITION - END OF YEAR	<u>\$ 2,555,759</u>	<u>\$ 297,633</u>	<u>\$ 18,971</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

B. Reporting Entity

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

For financial reporting purposes, the basic financial statements include all funds, organizations, account groups, agencies, boards, commissions, and institutions that are not legally separate from the Town. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

Fiduciary Fund Component Unit

The Carlisle Other Postemployment Benefits Trust Fund was established to accumulate resources to provide post-retirement benefits other than pensions to retirees and their beneficiaries. The fund is presented using the accrual basis of accounting and is reported in the fiduciary fund financial statements.

Joint Ventures

A joint venture is an organization (resulting from a contractual agreement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture. The Town participates in the following joint venture with other municipalities to pool resources and share the costs, risks, and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified participants.

Concord-Carlisle Regional School District (CCRSD)

The CCRSD is governed by a seven-member school committee including two elected representatives from the Town. The Town is indirectly liable for the CCRSD's debt and other expenditures and is assessed annually for its share of operating and capital costs. For the fiscal year ended June 30, 2021, the Town's assessment was \$7,458,297. Separate financial statements may be obtained by writing to the CCRSD at 120 Meriam Road, Concord, Massachusetts 01742. See Note 10 for the Town's overlapping debt associated with the CCRSD.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Implementation of New Accounting Principles

For the year ended June 30, 2021, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

The implementation of GASB Statement No. 84 resulted in certain activities formerly reported in the agency fund to be reported in the custodial fund of the fiduciary funds, the nonmajor governmental funds of the governmental funds and the governmental activities of the government-wide statements. As a result, the Town has restated its 2020 beginning net position and fund balance to reflect the implementation of this statement.

The Town has also reclassified certain major governmental funds to nonmajor governmental funds. The effect of the change in accounting principle and reclassification is as follows:

	Governmental Activities	Custodial Funds	Nonmajor Funds
Net Position/fund balance as of June 30, 2020, as Previously Reported	\$ 17,232,366	\$ -	\$ 3,012,377
Reclassifications of Communications Project Nonmajor Fund	-	-	(194,379)
Reclassifications of Fire Truck Nonmajor Fund	-	-	(75,491)
Cumulative Effect of Application of GASB 84, Fiduciary Activities	<u>44,638</u>	<u>2,121</u>	<u>44,638</u>
Net Position/fund balance as of June 30, 2020, as Restated	<u>\$ 17,277,004</u>	<u>\$ 2,121</u>	<u>\$ 2,787,145</u>

D. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements

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

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

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

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

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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, open recreation, historic resource and affordable housing purposes. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low-income residents or seniors with a low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

The 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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 *OPEB trust fund* is an irrevocable trust fund established for other postemployment benefits, which accumulates resources to reduce unfunded actuarial liability of health care and other postemployment benefits.

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 *custodial fund* is used to account for assets held in a custodial capacity. Such assets consist of fees collected for other governments.

F. Cash and Cash Equivalents and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value, net asset value (NAV) or amortized cost, as further described in Note 3.

G. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes, and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are due on August 1, November 1, February 1, and May 1 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. 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 1, November 1, February 1, and May 1 and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the fiscal year of the levy.

Intergovernmental

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

Loans

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

H. Allowance for Uncollectible Accounts

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

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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.

I. Inventories

Government-Wide and Fund Financial Statements

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

J. Restricted Assets

Government-Wide and Fund Financial Statements

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

K. Capital Assets

Government-Wide Financial Statements

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

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

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life</u>
Land Improvements	20 Years
Buildings and Improvements	20 to 50 Years
Machinery and Equipment	5 to 15 Years
Infrastructure	40 to 75 Years

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

Governmental Fund Financial Statements

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

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

M. Interfund Transfers

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

Government-Wide Financial Statements

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Interfund Transfers (Continued)

Fund Financial Statements

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

N. Unearned Revenue

Unearned revenue is presented in the governmental-wide statement of net position and governmental funds balance sheet and represents federal grants received by the Town in advance of meeting eligibility requirements for revenue recognition.

O. Deferred Outflows of Resources

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

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

P. Deferred Inflows of Resources

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

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

Q. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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, open recreation, historic resource, and affordable housing purposes.

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

Loans represents outstanding septic loans receivable.

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

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

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

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

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

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

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

Governmental Funds Financial Statements (Fund Balances)

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

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position and Fund Balances (Continued)

Governmental Funds Financial Statements (Fund Balances) (Continued)

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

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

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

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

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

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

R. 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.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. 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).

T. Compensated Absences

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

Government-Wide Financial Statements

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

U. 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.

V. 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.

W. 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.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund and community preservation fund in conformity with the guidelines described above. The original fiscal year 2021 approved budget for the general fund authorized \$31,272,554 in appropriations and other amounts to be raised. During fiscal year 2021, supplemental appropriations totaling \$333,001 were authorized. The original and final fiscal year 2021 approved budget for the community preservation fund authorized \$701,500 in appropriations.

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

B. Fund Deficits

At June 30, 2021, the following temporary fund deficits exist:

Fund	Amount	Funding Source
Roadway Reconstruction	\$ 732,551	State Grant
FEMA	125,852	Federal Grant
Total	<u>\$ 858,403</u>	

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, \$7,726,429 of the Town's bank balance of \$13,204,254 was uninsured and uncollateralized.

Investments Summary

The Town's investments at June 30, 2021 are presented below. All investments are presented by investment type. All investments mature in less than one year and therefore are shown as cash and cash equivalents on the financial statements.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) Less Than One</u>
Money Market Mutual Funds	\$ 325,985	\$ 325,985
Fixed Income Mutual Funds	536,085	536,085
External Investment Pools (MMDT)	<u>1,601,607</u>	<u>1,601,607</u>
Total Debt Securities	2,463,677	<u><u>\$ 2,463,677</u></u>
Equity Mutual Funds	1,832,766	
Private Equity	<u>182,044</u>	
Total Investments	<u><u>\$ 4,478,487</u></u>	

Investments - Interest Rate Risk of Debt Securities

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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 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, 2021, 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 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, 2021, the Town’s investments in debt securities were unrated for credit quality.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer. As of June 30, 2021, the Town was not exposed to concentration of credit risk.

Investments – Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements as of June 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equity Securities:				
Equity Mutual Funds	\$ 1,832,766	\$ 1,832,766	\$ -	\$ -
Private Equity	182,044	-	182,044	-
Total Equity Securities	2,014,810	1,832,766	182,044	-
Debt Securities:				
Fixed Income Mutual Funds	536,085	536,085	-	-
Total Investments Measured at Fair Value	2,550,895	<u>\$ 2,368,851</u>	<u>\$ 182,044</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
Money Market Mutual Funds	325,985			
External Investment Pools (MMDT)	1,601,607			
Total Investments Measured at Amortized Cost	1,927,592			
Total Investments	<u>\$ 4,478,487</u>			

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2021, receivables for the individual major governmental funds, nonmajor governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Receivables:			
Real Estate and Personal Property Taxes	\$ 320,388	\$ (894)	\$ 319,494
Tax Liens	62,486	-	62,486
Motor Vehicle and Other Excise Taxes	145,024	(15,361)	129,663
Community Preservation Surcharges	6,470	-	6,470
Departmental and Other	53,354	-	53,354
Notes Receivable	138,172	(138,172)	-
Intergovernmental	892,392	-	892,392
Loans	12,686	-	12,686
Total	<u>\$ 1,630,972</u>	<u>\$ (154,427)</u>	<u>\$ 1,476,545</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 \$138,172, and has been fully reserved as uncollectible at June 30, 2021.

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 CAPITAL ASSETS

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

<u>Governmental Activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 10,218,798	\$ -	\$ -	\$ 10,218,798
Intangible Assets	560,150	-	-	560,150
Construction in Progress	2,618,490	486,324	-	3,104,814
Total Capital Assets Not Being Depreciated	<u>13,397,438</u>	<u>486,324</u>	<u>-</u>	<u>13,883,762</u>
Capital Assets Being Depreciated:				
Land Improvements	913,793	-	-	913,793
Buildings and Improvements	34,950,909	-	-	34,950,909
Machinery and Equipment	7,614,969	494,683	-	8,109,652
Infrastructure	31,525,202	718,095	-	32,243,297
Total Capital Assets Being Depreciated	<u>75,004,873</u>	<u>1,212,778</u>	<u>-</u>	<u>76,217,651</u>
Less: Accumulated Depreciation for:				
Land Improvements	(793,683)	(17,441)	-	(811,124)
Buildings and Improvements	(13,002,195)	(869,813)	-	(13,872,008)
Machinery and Equipment	(5,750,259)	(431,710)	-	(6,181,969)
Infrastructure	(25,158,201)	(252,339)	-	(25,410,540)
Total Accumulated Depreciation	<u>(44,704,338)</u>	<u>(1,571,303)</u>	<u>-</u>	<u>(46,275,641)</u>
Total Capital Assets Being Depreciated, Net	<u>30,300,535</u>	<u>(358,525)</u>	<u>-</u>	<u>29,942,010</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 43,697,973</u>	<u>\$ 127,799</u>	<u>\$ -</u>	<u>\$ 43,825,772</u>

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

Governmental Activities:	
General Government	\$ 90,301
Public Safety	340,025
Education	752,097
Public Works	334,191
Health and Human Services	2,750
Culture and Recreation	51,939
Total Depreciation Expense - Governmental Activities	<u>\$ 1,571,303</u>

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 INTERFUND TRANSFERS

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

<u>Transfers Out:</u>	<u>Transfers In:</u>		
	General Fund	Nonmajor Governmental Fund	Total
General Fund	\$ -	\$ 252,500	\$ 252,500 (1)
Nonmajor Governmental Funds	73,044	-	73,044 (2)
Total	\$ 73,044	\$ 252,500	\$ 325,544

(1) Represents transfers from the general fund for BAN payments for the communications capital project fund (\$200,000), the fire truck capital fund (\$36,500) and other capital projects fund (\$16,000).

(2) Represents transfers from the ambulance (\$53,000), sewer betterments (\$3,986) and recreation (\$16,058) funds.

NOTE 8 SHORT-TERM FINANCING

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

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

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 SHORT-TERM FINANCING (CONTINUED)

Details related to the short-term debt activity for the fiscal year ended June 30, 2021 are as follows:

Notes Payable – Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 06/30/20	Increases	Decreases	Balance at 06/30/21
BAN	Communications	11/21/19	11/20/20	2.00	\$ 438,100	\$ -	\$ (438,100)	\$ -
BAN	Fire Truck	11/21/19	11/20/20	2.00	76,000	-	(76,000)	-
BAN	Land Acquisition	11/21/19	11/20/20	2.00	33,525	-	(33,525)	-
BAN	Communications	11/21/19	11/20/20	2.00	27,000	-	(27,000)	-
BAN	DPW Truck	11/21/19	11/20/20	2.00	2,000	-	(2,000)	-
BAN	Wood Chipper	11/21/19	11/20/20	2.00	5,000	-	(5,000)	-
BAN	Parking-School	5/20/20	11/20/20	1.50	36,000	-	(36,000)	-
	Total				<u>\$ 617,625</u>	<u>\$ -</u>	<u>\$ (617,625)</u>	<u>\$ -</u>

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, 2021:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Governmental Activities:					
Bonds and Notes Payable	\$ 13,966,500	\$ 73,500	\$ (680,000)	\$ 13,360,000	\$ 1,010,000
Unamortized Premium	264,343	449,517	(29,771)	684,089	91,711
Total Bonds and Notes Payable	14,230,843	523,017	(709,771)	14,044,089	1,101,711
Compensated Absences	462,358	81,234	-	543,592	217,211
Total	<u>\$ 14,693,201</u>	<u>\$ 604,251</u>	<u>\$ (709,771)</u>	<u>\$ 14,587,681</u>	<u>\$ 1,318,922</u>

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2021, and the debt service requirements are as follows:

Bonds and Notes Payable – Governmental Funds

Date of Issue	Original Issue	Project	Interest Rate (%)	Outstanding at June 30, 2020	Additions	Deductions	Outstanding at June 30, 2021
04/01/06	1,200,000	Wastewater	4.0 - 5.5	\$ 360,000	\$ -	\$ (60,000)	\$ 300,000
04/01/06	1,100,000	Wastewater	4.0 - 5.5	330,000	-	(55,000)	275,000
11/15/12	12,908,400	School Project	2.0 - 4.0	9,270,000	-	(515,000)	8,755,000
11/15/12	410,000	Fire Truck	2.0 - 4.0	240,000	-	(22,000)	218,000
11/15/12	200,200	School Design	2.0 - 4.0	130,000	-	(10,000)	120,000
11/15/12	145,400	DPW Roll-Off Truck	2.0 - 4.0	80,000	-	(8,000)	72,000
11/15/12	134,000	Dump Truck	2.0 - 4.0	85,000	-	(7,000)	78,000
11/15/12	56,000	Cisterns	2.0 - 4.0	30,000	-	(3,000)	27,000
10/29/20	2,123,000	Communications Infrastructure/Equipment	2.0 - 5.0	2,123,000	-	-	2,123,000
10/29/20	464,000	Fire Truck	2.0 - 5.0	464,000	-	-	464,000
10/29/20	204,000	Land Acquisition	2.0 - 5.0	204,000	-	-	204,000
10/29/20	193,000	Communications Infrastructure/Equipment	2.0 - 5.0	193,000	-	-	193,000
10/29/20	86,000	DPW Truck/Chipper	5.0	86,000	-	-	86,000
10/29/20	231,000	Building Remodel	5.0	157,500	73,500	-	231,000
10/29/20	214,000	School Parking	2.0 - 5.0	214,000	-	-	214,000
		Subtotal		13,966,500	73,500	(680,000)	13,360,000
		Add: Unamortized Premium		264,343	449,517	(29,771)	684,089
		Total		\$ 14,230,843	\$ 523,017	\$ (709,771)	\$ 14,044,089

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
2022	\$ 1,010,000	\$ 463,576	\$ 1,473,576
2023	1,005,000	387,774	1,392,774
2024	1,000,000	349,953	1,349,953
2025	990,000	312,511	1,302,511
2026	930,000	276,673	1,206,673
2027	790,000	242,962	1,032,962
2028	790,000	214,762	1,004,762
2029	790,000	186,562	976,562
2030	790,000	161,737	951,737
2031	755,000	140,742	895,742
2032	735,000	120,412	855,412
2033	735,000	100,412	835,412
2034	620,000	81,637	701,637
2035	620,000	63,765	683,765
2036	600,000	45,772	645,772
2037	600,000	27,657	627,657
2038	600,000	9,219	609,219
Total	\$ 13,360,000	\$ 3,186,126	\$ 16,546,126

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 LONG-TERM DEBT (CONTINUED)

Bonds and Notes Payable – Governmental Funds (Continued)

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2021, the Town had authorized and unissued debt for police station (\$864,742) and equipment (\$95,500).

Overlapping Debt

The following table identifies the Town’s overlapping debt at June 30, 2021:

	Outstanding Overlapping Debt	Overlapping Town Share (%)	Overlapping Town Share
Concord-Carlisle Regional School District	\$ 50,032,757	22.68%	\$ 11,347,429

Subsequent Event

In October of 2021, the Town issued \$7,650,000 of General Obligation Refunding Bonds. The proceeds (along with premiums and other available funds) were used to pay down \$8,705,000 of general obligation bonds outstanding on June 30, 2021.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the Plan) as a single-employer defined benefit Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a standalone financial report.

Plan assets are managed by the Treasurer, who serves as the custodian of the fund. Investment policies and objectives are established by the Treasurer.

Participants Covered by Benefit Terms

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

Active Employees	178
Retired Employees, Beneficiaries, and Dependents	74
Total	252

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

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

Funding Policy

The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health insurance contribution rates of Plan members and the Town are 50%, respectively. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town. During fiscal year 2021, the Town contributed \$467,558 to the OPEB Trust fund as well as transferring the previous restricted fund balance of \$1,960,208 which was reported in the general fund in fiscal year 2020. In July 2020, the Town established a trust in accordance with GASB Statement No. 74.

Net Other Postemployment Benefits Liability (Plan)

The components of the net OPEB liability of the Plan as of June 30, 2021, were as follows:

Total OPEB Liability	\$ 13,325,567
Plan Fiduciary Net Position	<u>(2,555,759)</u>
Net OPEB Liability	<u>\$ 10,769,808</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	19.18%

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 for which update procedures were used to roll forward the total OPEB liability to the measurement date.

The OPEB trust fund reported in the fiduciary funds financial statements is reported using the flow of economic resources measurement focus and uses the accrual basis of accounting. Contributions are recognized as additions in the period when they become pursuant to formal commitments, statutory or contractual requirements. Benefits and refunds are recognized as deductions when incurred.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Methods and Assumptions

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

Discount Rate:	5.60% net of OPEB plan investment expenses, including inflation
Inflation:	2.50% annually
Healthcare Cost Trend Rates:	4.50%
Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward one year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year for females. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

Investment Policies and Rates of Return

The OPEB trust fund investments are in accordance with applicable state laws and regulations. For the fiscal year ended June 30, 2021, the money-weighted rate of return on the Trust Fund's investments, net of investment expense, was 29.40%. The money-weighted rate of return expresses investment performance adjusted for amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the following table:

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Investment Policies and Rates of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity - Large Cap	21.25%	4.42%
Domestic Equity - Small/Mid Cap	18.50%	4.81%
International Equity - Developed Market	12.50%	4.91%
International Equity - Emerging Market	7.75%	5.58%
Domestic Fixed Income	20.75%	1.00%
International Fixed Income	3.75%	1.04%
Alternatives	15.25%	5.98%
Cash and Cash Equivalents	0.25%	0.00%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.60%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 – Year High Grade Index (SAPIHG), which was 2.18% as of June 30, 2021.

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

The following presents the net OPEB liability calculated using the current discount rate of 5.60%, as well as what the total OPEB liability would be if it were calculated using a discount rate one percentage point lower (4.60%) or one percentage point higher (6.60%):

	<u>One Percent Decrease (4.60%)</u>	<u>Current Discount Rate (5.60%)</u>	<u>One Percent Increase (6.60%)</u>
Net OPEB Liability	<u>\$ 12,937,373</u>	<u>\$ 10,769,808</u>	<u>\$ 9,090,445</u>

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

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

	<u>One Percent Decrease</u>	<u>Current Trend Rate</u>	<u>One Percent Increase</u>
Net OPEB Liability	<u>\$ 8,881,360</u>	<u>\$ 10,769,808</u>	<u>\$ 13,140,142</u>

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability (Town)

The Town's net OPEB liability of \$10,769,808 was measured as of June 30, 2021 for the year ended June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. Changes in the Net OPEB Liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balance at July 1, 2020	\$ 20,321,196	\$ -	\$ 20,321,196
Changes for the Year:			
Service Cost	904,993	-	904,993
Interest	559,344	-	559,344
Change in Assumptions	(8,057,105)	-	(8,057,105)
Benefits Payments	(402,861)	(402,861)	-
Contributions - employer	-	2,427,766	(2,427,766)
Net investment income	-	530,854	(530,854)
Net Changes	<u>(6,995,629)</u>	<u>2,555,759</u>	<u>(9,551,388)</u>
Balance at June 30, 2021	<u>\$ 13,325,567</u>	<u>\$ 2,555,759</u>	<u>\$ 10,769,808</u>

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$1,309,315. At June 30, 2021, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 501,197	\$ -
Changes of Assumptions	3,532,158	6,796,213
Net Difference Between Projected and Actual Earnings on OPEB Trust Investments	-	384,558
Total	<u>\$ 4,033,355</u>	<u>\$ 7,180,771</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ (295,729)
2023	(295,729)
2024	(427,855)
2025	(638,415)
2026	(997,935)
Thereafter	(491,753)
Total	<u>\$ (3,147,416)</u>

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 FUND BALANCES

The constraints on governmental funds' fund balances are detailed as follows:

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Loans	\$ -	\$ -	\$ 12,686	\$ 12,686
Permanent Fund Principal	-	-	87,849	87,849
Total Nonspendable	-	-	100,535	100,535
Restricted for:				
Community Preservation	-	3,073,358	-	3,073,358
Affordable Housing	-	-	94,868	94,868
Debt Service	233,289	-	-	233,289
School Lunch	-	-	128,531	128,531
Capital	-	-	284,789	284,789
General Government	-	-	1,066,743	1,066,743
Public Safety	-	-	365,351	365,351
Education	-	-	404,542	404,542
Public Works	-	-	299,685	299,685
Health and Human Services	-	-	62,032	62,032
Culture and Recreation	-	-	540,584	540,584
Total Restricted	233,289	3,073,358	3,247,125	6,553,772
Committed to:				
Subsequent Year's Expenditures	500,000	-	-	500,000
Continuing Appropriations	866,591	-	-	866,591
Total Committed	1,366,591	-	-	1,366,591
Assigned to:				
Encumbrances	127,249	-	-	127,249
Unassigned				
	4,865,642	-	(858,403)	4,007,239
Total	<u>\$ 6,592,771</u>	<u>\$ 3,073,358</u>	<u>\$ 2,489,257</u>	<u>\$ 12,155,386</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, 2021 totals \$1,200,108 and is reported as unassigned fund balance in the general fund.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

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

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

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

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

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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 \$1,057,819 for the year ended June 30, 2021.

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

At June 30, 2021, the Town reported a liability of \$10,349,764 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 for which procedures were used to roll 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 actuarially determined net pension liability for employer members that no longer have active covered payroll.

At December 31, 2020, the Town's proportion was 0.675972%. At December 31, 2019, the Town's proportion was 0.693848%.

For the year ended June 30, 2021, the Town recognized pension expense of \$1,230,495. At June 30, 2021, the Town reported deferred outflows of resources related to pensions of \$881,195, consisting of differences between expected and actual experience (\$189,293), changes of assumptions (\$395,089) and changes in proportion (\$296,813). At June 30, 2021, the Town reported deferred inflows of resources related to pensions of \$916,460, consisting of differences between expected and actual experience (\$12,248), differences between projected and actual investment earnings on pension plan investments (\$586,713) and changes in proportion (\$317,499).

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 PENSION PLAN (CONTINUED)

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 77,979
2023	170,793
2024	(159,511)
2023	(124,526)
Total	<u>\$ (35,265)</u>

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

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

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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 December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	22.0 %	6.3 %
International Developed Markets Equity	12.0	7.0
International Emerging Markets Equity	5.0	8.8
Core Fixed Income	15.0	0.4
High-yield Fixed Income	8.0	3.0
Real Estate	10.0	3.5
Timber	4.0	3.5
Hedge Funds, GTAA, Risk Parity	10.0	2.4
Private Equity	14.0	10.1
Total	<u>100.0 %</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.30%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.30%) or one-percentage-point higher (8.30%) than the current rate:

	<u>One Percent Decrease (6.30%)</u>	<u>Current Discount Rate (7.30%)</u>	<u>One Percent Increase (8.30%)</u>
Town of Carlisle's Proportionate Share of the Net Pension Liability	<u>\$ 12,896,920</u>	<u>\$ 10,349,764</u>	<u>\$ 8,206,792</u>

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021. The Commonwealth of Massachusetts's net pension liability associated with the Town was \$28,057,622.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2020.

For the year ended June 30, 2021, the Town recognized pension expense of \$3,465,518 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, 2020 measurement date was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2020. This valuation used the following assumptions:

Investment Rate of Return:	7.15%
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 Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct). Post-retirement - reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct). Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
Other:	3.5%, Interest rate credited to the annuity savings fund. 3.0%, Cost of living increase per year.

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

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2020 are summarized in the following table. The geometric rate of return is primarily used for investments that are compounded. It is used to calculate average rate per period on investments that are compounded over multiple periods.

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	39.00 %	4.8 %
Core Fixed Income	15.00	0.7
Private Equity	13.00	8.2
Portfolio Completion Strategies	11.00	3.2
Real Estate	10.00	3.5
Value Added Fixed Income	8.00	4.2
Timberland/Natural Resources	4.00	4.1
Total	100.00 %	

Discount rate. The discount rate used to measure the MTRS' total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 17 COMMITMENTS

The Town contracts with Wheelabrator, Inc. to dispose of solid waste and make certain payments (i.e., tipping fees) for such disposal at Wheelabrator, Inc.'s facility. The tipping fees payable under the contract for fiscal year 2021 were \$85.00/ton and totaled approximately \$164,000. Future tipping fees payable under the contract are as follows:

<u>Fiscal Year</u>	<u>Tipping Fee (Per Ton)</u>
2022	\$ 87.75

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Uniform Guidance and the Single Audit Act Amendments of 1996 through June 30, 2021, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**TOWN OF CARLISLE, MASSACHUSETTS
GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real Estate and Personal Property Taxes	\$ -	\$ 28,229,671	\$ -	\$ 28,229,671
Motor Vehicle and Other Excise Taxes	-	875,000	-	875,000
Payments in Lieu of Taxes	-	6,500	-	6,500
Intergovernmental	-	1,423,862	-	1,423,862
Penalties and Interest on Taxes	-	50,500	-	50,500
Licenses and Permits	-	121,000	-	121,000
Fines and Forfeitures	-	5,000	-	5,000
Departmental and Other	-	71,000	-	71,000
Investment Income	-	12,000	-	12,000
Total Revenues	<u>-</u>	<u>30,794,533</u>	<u>-</u>	<u>30,794,533</u>
EXPENDITURES				
Current:				
General Government	480,751	2,216,722	(27,772)	2,669,701
Public Safety	52,432	2,895,873	201,046	3,149,351
Education	61,535	19,366,767	(127,817)	19,300,485
Public Works	1,431	1,261,365	236,063	1,498,859
Health and Human Services	18,654	368,517	127,656	514,827
Culture and Recreation	21,321	832,059	16,466	869,846
Pension Benefits	-	1,057,819	-	1,057,819
Employee Benefits	20,000	1,423,864	9,666	1,453,530
Property and Liability Insurance	-	240,000	42,000	282,000
State and County Charges	-	54,924	-	54,924
Debt Service:				
Principal	-	932,500	(252,500)	680,000
Interest	-	413,140	-	413,140
Total Expenditures	<u>656,124</u>	<u>31,063,550</u>	<u>224,808</u>	<u>31,944,482</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(656,124)	(269,017)	(224,808)	(1,149,949)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	57,000	-	57,000
Transfers Out	-	(209,004)	(108,193)	(317,197)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(152,004)</u>	<u>(108,193)</u>	<u>(260,197)</u>
NET CHANGE IN FUND BALANCE	(656,124)	(421,021)	(333,001)	(1,410,146)
Fund Balance - Beginning of Year	<u>4,794,802</u>	<u>4,794,802</u>	<u>4,794,802</u>	<u>4,794,802</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,138,678</u>	<u>\$ 4,373,781</u>	<u>\$ 4,461,801</u>	<u>\$ 3,384,656</u>

**TOWN OF CARLISLE, MASSACHUSETTS
GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
REVENUES				
Real Estate and Personal Property Taxes	\$ 28,328,520	\$ -	\$ 28,328,520	\$ 98,849
Motor Vehicle and Other Excise Taxes	960,676	-	960,676	85,676
Payments in Lieu of Taxes	6,291	-	6,291	(209)
Intergovernmental	1,441,192	-	1,441,192	17,330
Penalties and Interest on Taxes	89,064	-	89,064	38,564
Licenses and Permits	159,474	-	159,474	38,474
Fines and Forfeitures	3,823	-	3,823	(1,177)
Departmental and Other	140,378	-	140,378	69,378
Investment Income	5,024	-	5,024	(6,976)
Total Revenues	<u>31,134,442</u>	<u>-</u>	<u>31,134,442</u>	<u>339,909</u>
EXPENDITURES				
Current:				
General Government	1,933,908	568,256	2,502,164	167,537
Public Safety	2,898,530	183,338	3,081,868	67,483
Education	19,107,759	58,030	19,165,789	134,696
Public Works	1,411,462	33,279	1,444,741	54,118
Health and Human Services	349,978	142,043	492,021	22,806
Culture and Recreation	822,131	8,171	830,302	39,544
Pension Benefits	1,057,819	-	1,057,819	-
Employee Benefits	1,121,186	723	1,121,909	331,621
Property and Liability Insurance	275,631	-	275,631	6,369
State and County Charges	54,924	-	54,924	-
Debt Service:				
Principal	680,000	-	680,000	-
Interest	405,365	-	405,365	7,775
Total Expenditures	<u>30,118,693</u>	<u>993,840</u>	<u>31,112,533</u>	<u>831,949</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	1,015,749	(993,840)	21,909	1,171,858
OTHER FINANCING SOURCES (USES)				
Transfers In	73,044	-	73,044	16,044
Transfers Out	(317,197)	-	(317,197)	-
Total Other Financing Sources (Uses)	<u>(244,153)</u>	<u>-</u>	<u>(244,153)</u>	<u>16,044</u>
NET CHANGE IN FUND BALANCE				
	771,596	(993,840)	(222,244)	1,187,902
Fund Balance - Beginning of Year	<u>4,794,802</u>	<u>4,794,802</u>	<u>4,794,802</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,566,398</u>	<u>\$ 3,800,962</u>	<u>\$ 4,572,558</u>	<u>\$ 1,187,902</u>

**TOWN OF CARLISLE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND – SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community Preservation Surcharges	\$ -	\$ 508,000	\$ -	\$ 508,000
Penalties and Interest on Taxes	-	-	-	-
Intergovernmental	-	88,000	-	88,000
Investment income	-	1,000	-	1,000
Total Revenues	<u>-</u>	<u>597,000</u>	<u>-</u>	<u>597,000</u>
EXPENDITURES				
Current:				
Administrative	-	20,000	-	20,000
Acquisitions and Projects	872,125	681,500	-	1,553,625
Total Expenditures	<u>872,125</u>	<u>701,500</u>	<u>-</u>	<u>1,573,625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE				
	(872,125)	(104,500)	-	(976,625)
Fund Balance - Beginning of Year	<u>2,461,102</u>	<u>2,461,102</u>	<u>2,461,102</u>	<u>2,461,102</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,588,977</u></u>	<u><u>\$ 2,356,602</u></u>	<u><u>\$ 2,461,102</u></u>	<u><u>\$ 1,484,477</u></u>

**TOWN OF CARLISLE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND – SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
REVENUES				
Community Preservation Surcharges	\$ 492,431	\$ -	\$ 492,431	\$ (15,569)
Penalties and Interest on Taxes	1,459	-	1,459	1,459
Intergovernmental	141,070	-	141,070	53,070
Investment income	193	-	193	(807)
Total Revenues	<u>635,153</u>	<u>-</u>	<u>635,153</u>	<u>38,153</u>
EXPENDITURES				
Current:				
Administrative	-	-	-	20,000
Acquisitions and Projects	<u>22,897</u>	<u>1,043,625</u>	<u>1,066,522</u>	<u>487,103</u>
Total Expenditures	<u>22,897</u>	<u>1,043,625</u>	<u>1,066,522</u>	<u>507,103</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE				
	612,256	(1,043,625)	(431,369)	545,256
Fund Balance - Beginning of Year	<u>2,461,102</u>	<u>2,461,102</u>	<u>2,461,102</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,073,358</u></u>	<u><u>\$ 1,417,477</u></u>	<u><u>\$ 2,029,733</u></u>	<u><u>\$ 545,256</u></u>

**TOWN OF CARLISLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

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

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

	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.675972%	0.693848%	0.715446%	0.664872%	0.704972%	0.690901%	0.665000%
Town's Proportionate Share of the Net Pension Liability	<u>\$ 10,349,764</u>	<u>\$ 11,101,958</u>	<u>\$ 11,157,139</u>	<u>\$ 9,435,767</u>	<u>\$ 9,988,584</u>	<u>\$ 8,912,755</u>	<u>\$ 7,984,515</u>
Town's Covered Payroll	<u>\$ 6,020,631</u>	<u>\$ 5,787,456</u>	<u>\$ 5,350,293</u>	<u>\$ 5,141,785</u>	<u>\$ 5,103,107</u>	<u>\$ 4,723,787</u>	<u>\$ 4,542,103</u>
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	171.90%	191.83%	208.53%	183.51%	195.74%	188.68%	175.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.42%	49.45%	46.40%	49.27%	45.49%	46.13%	47.65%

SCHEDULE OF TOWN CONTRIBUTIONS (B)

	2021	2020	2019	2018	2017	2016	2015
Actuarially Required Contribution	\$ 1,057,819	\$ 991,823	\$ 932,452	\$ 877,464	\$ 820,032	\$ 771,117	\$ 726,609
Contributions in Relation to the Actuarially Required Contribution	<u>(1,057,819)</u>	<u>(991,823)</u>	<u>(932,452)</u>	<u>(877,464)</u>	<u>(820,032)</u>	<u>(771,117)</u>	<u>(726,609)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>						
Town's Covered Payroll	<u>\$ 6,020,631</u>	<u>\$ 5,787,456</u>	<u>\$ 5,350,293</u>	<u>\$ 5,141,785</u>	<u>\$ 5,103,107</u>	<u>\$ 4,723,787</u>	<u>\$ 4,542,103</u>
Contributions as a Percentage of Covered Payroll	17.57%	17.14%	17.43%	17.07%	16.07%	16.32%	16.00%

(A) The amounts presented were determined as of December 31 within the applicable fiscal year.

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

**TOWN OF CARLISLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

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

	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's Proportionate Share of the Pension Liability Associated with the Town	28,057,622	26,362,287	24,607,936	24,648,235	23,131,262	21,627,992	16,985,552
Total	<u>\$ 28,057,622</u>	<u>\$ 26,362,287</u>	<u>\$ 24,607,936</u>	<u>\$ 24,648,235</u>	<u>\$ 23,131,262</u>	<u>\$ 21,627,992</u>	<u>\$ 16,985,552</u>
Town's Covered Payroll	<u>\$ 7,447,432</u>	<u>\$ 7,608,549</u>	<u>\$ 7,288,471</u>	<u>\$ 7,313,538</u>	<u>\$ 6,805,176</u>	<u>\$ 6,691,077</u>	<u>\$ 6,551,624</u>
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	N/A						
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.67%	53.95%	54.84%	54.25%	52.73%	55.38%	61.64%

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

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>						
Town's Covered Payroll	<u>\$ 7,447,432</u>	<u>\$ 7,608,549</u>	<u>\$ 7,288,471</u>	<u>\$ 7,313,538</u>	<u>\$ 6,805,176</u>	<u>\$ 6,691,077</u>	<u>\$ 6,551,624</u>

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

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

**TOWN OF CARLISLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (PLAN) (A)

	2021	2020	2019	2018
TOTAL OPEB LIABILITY				
Service Cost	\$ 904,993	\$ 860,955	\$ 717,641	\$ 569,334
Interest on Unfunded Liability	559,344	439,534	375,714	399,944
Change in Assumptions	(8,057,105)	3,804,532	1,375,839	586,994
Differences Between Expected and Actual Experience	-	503,823	-	436,999
Benefits Payments	(402,861)	(358,767)	(291,776)	(243,610)
NET CHANGE IN TOTAL OPEB LIABILITY	<u>(6,995,629)</u>	<u>5,250,077</u>	<u>2,177,418</u>	<u>1,749,661</u>
Total OPEB Liability - Beginning of Year	<u>20,321,196</u>	<u>15,071,119</u>	<u>12,893,701</u>	<u>11,144,040</u>
TOTAL OPEB LIABILITY - END OF YEAR (a)	<u><u>\$ 13,325,567</u></u>	<u><u>\$ 20,321,196</u></u>	<u><u>\$ 15,071,119</u></u>	<u><u>\$ 12,893,701</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 2,427,766	\$ -	\$ -	\$ -
Net investment income	530,854	-	-	-
Benefit payments	(402,861)	-	-	-
Net change in plan fiduciary net position	<u>2,555,759</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,555,759</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB liability - ending (a)-(b)	<u><u>\$ 10,769,808</u></u>	<u><u>\$ 20,321,196</u></u>	<u><u>\$ 15,071,119</u></u>	<u><u>\$ 12,893,701</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	19.18%	N/A	N/A	N/A
Covered employee payroll	12,361,661	12,001,613	11,644,660	11,305,496
Net OPEB liability as a percentage of covered employee payroll	87.12%	169.32%	129.43%	114.05%

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

**TOWN OF CARLISLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

SCHEDULE OF EMPLOYER CONTRIBUTIONS (PLAN) (A)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,408,460	\$ 1,506,377	\$ 1,445,525	\$ 1,242,764
Contributions in relation to the actuarially determined contributions	<u>(2,427,766)</u>	<u>(358,767)</u>	<u>(291,776)</u>	<u>(243,610)</u>
Contribution deficiency (excess)	<u>\$ (1,019,306)</u>	<u>\$ 1,147,610</u>	<u>\$ 1,153,749</u>	<u>\$ 999,154</u>
Covered employee payroll	12,361,661	12,001,613	11,644,660	11,305,496
Contributions as a percentage of covered employee payroll	19.64%	2.99%	2.51%	2.15%

SCHEDULE OF INVESTMENT RETURNS (PLAN) (A)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	29.40%	N/A	N/A	N/A

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

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

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, 2021 is presented below:

General Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	\$ 31,134,442	\$ 31,112,533	\$ (244,153)
Reclassifications:			
Activity of Stabilization Fund Recorded in the General Fund for GAAP Purposes	2,331	-	64,697
Revenue and Expense Related to MTRS per GASB 68			
Special Funding Requirements	3,465,518	3,465,518	-
Reclassify OPEB Trust to Fiduciary Funds	-	2,024,905	-
Adjustments:			
Net Change in Recording 60-Day Receipts	4,239	-	-
To Record Encumbrances and Continuing Appropriations	-	(993,840)	-
To Record ATB Liability	94,359	-	-
Net Change in Recording Short-Term Interest Accrual	-	(46,897)	-
Net Change in Recording Worker's Compensation	-	44,771	-
	<u> </u>	<u> </u>	<u> </u>
GAAP Basis as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 34,700,889</u>	<u>\$ 35,606,990</u>	<u>\$ (179,456)</u>

CPA Fund

	<u>Expenditures</u>
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	\$ 1,066,522
Adjustments	
To Record Encumbrances and Continuing Appropriations	<u>(1,043,625)</u>
GAAP Basis as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 22,897</u>

**TOWN OF CARLISLE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

**NOTE B METHODS AND ASSUMPTIONS – ACTUARIALLY DETERMINED CONTRIBUTIONS –
OPEB**

Inflation rate: 2.75% (2018-2019), 2.5% (2020-2021)

Healthcare cost trend rate: 5.0% (2018-2019), 4.5% (2020-2021)