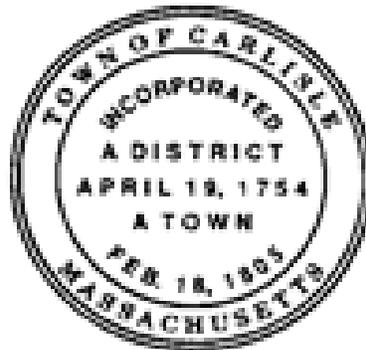


TOWN OF CARLISLE, MASSACHUSETTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024



TOWN OF CARLISLE, MASSACHUSETTS

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Independent Auditors' Report

To the Select Board
Town of Carlisle, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Town of Carlisle, Massachusetts** (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Prior Period Financial Statements

The financial statements of the Entity as of and for the year ended June 30, 2023, were audited by Marcum LLP, whose report dated February 7, 2024, expressed unmodified opinions on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 February 27, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Boston, MA
February 27, 2025

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

As management of the Town of Carlisle, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows and inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

Governmental Funds

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

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

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

Fiduciary Funds

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

Notes to Financial Statements

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

Required Supplementary Information

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

Financial Highlights

- At the end of the current fiscal year, net position in governmental activities was \$22,994,134, a change of \$1,741,984.
- At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$17,242,365, a change of \$1,883,272 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,328,542 a change of \$444,572 in comparison to the prior year.

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Government-Wide Financial Analysis

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

Net Position (in Thousands)

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 20,639	\$ 19,813
Capital assets	<u>41,381</u>	<u>42,012</u>
Total Assets	<u>62,020</u>	<u>61,825</u>
Deferred Outflows of Resources	<u>5,916</u>	<u>5,666</u>
Liabilities		
Other liabilities	2,907	3,983
Long-term liabilities	<u>35,382</u>	<u>35,401</u>
Total Liabilities	<u>38,289</u>	<u>39,384</u>
Deferred Inflows of Resources	<u>6,653</u>	<u>6,855</u>
Net Position		
Net investment in capital assets	31,249	30,864
Restricted	8,183	6,997
Unrestricted	<u>(16,437)</u>	<u>(16,609)</u>
Total Net Position	<u>\$ 22,994</u>	<u>\$ 21,252</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$22,994,134, a change of \$1,741,984 in comparison to the prior year.

The largest portion of net position \$31,248,954 reflects our investment in capital assets (e.g., land, construction in progress, intangible assets, land improvements, buildings and improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

An additional portion of net position, \$8,182,568, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$16,437,388 primarily resulting from unfunded pension and OPEB liabilities.

Changes in Net Position (in Thousands)

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Charges for services	\$ 1,801	\$ 1,692
Operating grants and contributions	6,054	7,055
Capital grants and contributions	93	448
General revenues		
Property taxes	31,277	30,345
Excises	1,243	1,007
Penalties, interest, and other taxes	105	111
Grants and contributions not restricted to specific programs	262	254
Investment income	375	209
Miscellaneous	476	713
Total Revenues	<u>41,686</u>	<u>41,834</u>
Expenses		
General government	3,457	3,579
Public safety	4,731	4,002
Education	27,736	25,209
Public works	1,643	4,047
Health and human services	951	909
Culture and recreation	1,095	1,192
Interest on long-term debt	331	336
Total Expenses	<u>39,944</u>	<u>39,274</u>
Change in Net Position	1,742	2,560
Net Position - Beginning of Year	<u>21,252</u>	<u>18,692</u>
Net Position - End of Year	<u>\$ 22,994</u>	<u>\$ 21,252</u>

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$1,741,984. Key elements of this change are as follows:

General Fund operations	\$ 792,697
Community Preservation Fund operations	795,427
Capital grants and contributions	93,445
Depreciation expense in excess of debt service	(452,911)
Current period revenues used for capital assets	933,043
Change in pension expense from GASB 68	(1,238,336)
Change in OPEB expense from GASB 75	611,783
Other	<u>206,836</u>
	<u>\$ 1,741,984</u>

Financial Analysis of Funds

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

Governmental Funds

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$17,242,365, a change of \$1,883,272 in comparison to the prior year.

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,328,542, while total fund balance was \$8,958,217. Unassigned fund balance increased by \$444,572 primarily from favorable budgetary results of \$2,164,724, less \$1,230,620 of free cash (a component of unassigned fund balance) appropriated in the May 2024 Annual Town meeting used to supplement the 2025 budget for capital items, and \$300,000 of free cash transferred into the Capital Stabilization Fund. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Refer to the table below.

General Fund	6/30/24	6/30/23	Change	% of General Fund Expenditures**
Unassigned fund balance*	\$ 6,328,542	\$ 5,883,970	\$ 444,572	18.5%
Total fund balance	\$ 8,958,217	\$ 8,165,520	\$ 792,697	26.1%

*These figures include the general stabilization fund.

**Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts Teachers Retirement System of \$2,076,921.

The total fund balance of the General Fund changed by \$792,697 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 827,108
Expenditures less than budget	816,413
Other financing sources greater than budget	208,902
Use of free cash	(1,042,303)
Other	(17,423)
	<u>\$ 792,697</u>

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

	6/30/24	6/30/23	Change
General stabilization	\$ 1,326,069	\$ 1,254,487	\$ 71,582
Capital stabilization	<u>300,000</u>	<u>--</u>	<u>300,000</u>
	<u>\$ 1,626,069</u>	<u>\$ 1,254,487</u>	<u>\$ 371,582</u>

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Community Preservation Fund

The fund balance of the Community Preservation Fund (major governmental fund) changed by \$795,427, primarily due to operating revenues to be utilized in subsequent fiscal periods.

American Rescue Plan Act Fund

The fund balance of the American Rescue Plan Act (ARPA) Fund (major governmental fund) did not change in fiscal year 2024, as the recognition of revenues offset the corresponding COVID-19 related expenditures.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$295,148, primarily from timing difference between the receipt and disbursement of grant funds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$2,373,853, partially due to Articles 11, 13, and 14 of the May 2023 Annual Town Meeting. These articles were funded by free cash to reduce taxes, lighting repairs at Carlisle Public Schools, and the Greenough Barn project, respectively. The difference also included article 15 of the May 2024 Annual Town Meeting. This article was funded by free cash and is to be transferred to the Capital Stabilization Fund. Budgeted revenues and expenditures were comparable to actual revenues and expenditures.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets at year-end amounted to \$41,381,496 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, intangible assets, land improvements, buildings and improvements, machinery and equipment, and infrastructure.

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

- \$335,664 for library roof replacement.
- \$174,497 for machinery and equipment.
- \$93,445 for various improvements to the Town's infrastructure of roads.
- \$1,563,560 of depreciation.

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

TOWN OF CARLISLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Long-Term Debt

At the end of the current fiscal year, total bonds and loans payable outstanding, including unamortized premiums, were \$10,234,122, all of which was backed by the full faith and credit of the Town.

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

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

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

TOWN OF CARLISLE, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2024

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and short-term investments	\$ 18,184,025
Investments	1,642,422
Receivables:	
Property taxes	244,195
Excises	95,690
Intergovernmental	226,592
Departmental and other	<u>52,973</u>
Total Current Assets	<u>20,445,897</u>
Noncurrent Assets	
Receivables:	
Property taxes	192,826
Capital assets:	
Nondepreciable capital assets	13,732,284
Other capital assets, net of accumulated depreciation	<u>27,649,212</u>
Total Noncurrent Assets	<u>41,574,322</u>
Total Assets	<u>62,020,219</u>
Deferred Outflows of Resources	
Related to pension	4,489,483
Related to OPEB	<u>1,426,734</u>
Total Deferred Outflows of Resources	<u>5,916,217</u>

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

TOWN OF CARLISLE, MASSACHUSETTS

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2024

	<u>Governmental Activities</u>
Liabilities	
Current Liabilities	
Accounts payable	549,497
Accrued liabilities	1,606,962
Unearned revenue	686,009
Tax refunds payable	12,682
Other current liabilities	52,401
Current portion of long-term liabilities	
Bonds payable	1,088,805
Compensated absences liability	126,818
Total Current Liabilities	<u>4,123,174</u>
Noncurrent Liabilities	
Bonds payable, net of current portion	9,145,317
Compensated absences liability, net of current portion	120,468
Net pension liability	16,210,292
Net OPEB liability	8,690,157
Total Noncurrent Liabilities	<u>34,166,234</u>
Total Liabilities	<u>38,289,408</u>
Deferred Inflows of Resources	
Related to pension	56,178
Related to OPEB	6,596,716
Total Deferred Inflows of Resources	<u>6,652,894</u>
Net Position	
Net investment in capital assets	31,248,954
Restricted for:	
Grants and other statutory restrictions:	
Community Preservation Funds	4,018,934
PEG Access	477,570
Revolving Funds	1,289,970
EDCO Closing Grant	230,186
School Lunch	355,985
Ambulance	409,490
Affordable Housing	259,900
Other	541,588
Endowment funds:	
Nonexpendable	87,849
Expendable	511,096
Unrestricted	<u>(16,437,388)</u>
Total Net Position	<u>\$ 22,994,134</u>

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

TOWN OF CARLISLE, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
General government	\$ 3,457,523	\$ 249,149	\$ 934,935	\$ --	\$ (2,273,439)
Public safety	4,731,277	606,104	211,909	--	(3,913,264)
Education	27,736,160	320,103	4,749,164	--	(22,666,893)
Public works	1,643,232	102,121	11,460	93,445	(1,436,206)
Health and human services	951,481	110,080	120,797	--	(720,604)
Culture and recreation	1,094,792	413,767	25,266	--	(655,759)
Interest on long-term debt	<u>330,587</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(330,587)</u>
Total Governmental Activities	<u>\$ 39,945,052</u>	<u>\$ 1,801,324</u>	<u>\$ 6,053,531</u>	<u>\$ 93,445</u>	(31,996,752)
General Revenues					
					31,277,044
					1,243,173
					105,448
					262,246
					375,269
					<u>475,556</u>
Total General Revenues					<u>33,738,736</u>
Change in Net Position					1,741,984
Net Position					
					<u>21,252,150</u>
					<u>\$ 22,994,134</u>

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

TOWN OF CARLISLE, MASSACHUSETTS

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2024

	General Fund	Community Preservation Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and short-term investments	\$ 10,904,511	\$ 2,993,964	\$ 719,012	\$ 3,566,538	\$ 18,184,025
Investments	10,324	1,025,295	--	606,803	1,642,422
Receivables:					
Property taxes	433,293	3,728	--	--	437,021
Excises	95,690	--	--	--	95,690
Intergovernmental	--	--	--	226,592	226,592
Departmental and other	5,074	--	--	47,899	52,973
Total Assets	<u>\$ 11,448,892</u>	<u>\$ 4,022,987</u>	<u>\$ 719,012</u>	<u>\$ 4,447,832</u>	<u>\$ 20,638,723</u>
Liabilities					
Accounts payable	\$ 402,061	\$ 325	\$ 33,003	114,108	\$ 549,497
Accrued liabilities	1,489,474	--	--	20,611	1,510,085
Unearned revenue	--	--	686,009	--	686,009
Tax refunds payable	12,682	--	--	--	12,682
Other liabilities	52,401	--	--	--	52,401
Total Liabilities	<u>1,956,618</u>	<u>325</u>	<u>719,012</u>	<u>134,719</u>	<u>2,810,674</u>
Deferred Inflows of Resources					
Unavailable revenues	534,057	3,728	--	47,899	585,684
Fund Balances					
Nonspendable	--	--	--	87,849	87,849
Restricted	--	4,018,934	--	4,190,877	8,209,811
Committed	2,243,978	--	--	--	2,243,978
Assigned	385,697	--	--	--	385,697
Unassigned	6,328,542	--	--	(13,512)	6,315,030
Total Fund Balances	<u>8,958,217</u>	<u>4,018,934</u>	<u>--</u>	<u>4,265,214</u>	<u>17,242,365</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,448,892</u>	<u>\$ 4,022,987</u>	<u>\$ 719,012</u>	<u>\$ 4,447,832</u>	<u>\$ 20,638,723</u>

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

TOWN OF CARLISLE, MASSACHUSETTS

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

JUNE 30, 2024

Total Governmental Fund Balances	\$ 17,242,365
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	41,381,496
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	4,489,483
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	1,426,734
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	585,684
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Bonds payable	(10,234,122)
Net pension liability	(16,210,292)
Net OPEB liability	(8,690,157)
Compensated absences liability	(247,286)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(56,178)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	(6,596,716)
Other.	<u>(96,877)</u>
Net Position of Governmental Activities	<u><u>\$ 22,994,134</u></u>

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

TOWN OF CARLISLE, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Community Preservation Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 30,766,709	\$ 547,764	\$ --	\$ --	\$ 31,314,473
Excises	1,215,131	--	--	--	1,215,131
Penalties, interest, and other taxes	104,302	1,146	--	--	105,448
Charges for services	79,161	--	--	1,430,279	1,509,440
Intergovernmental	4,016,202	110,940	453,027	1,376,674	5,956,843
Licenses and permits	474,766	--	--	--	474,766
Fines and forfeitures	3,653	--	--	--	3,653
Investment income	284,656	57,096	--	33,517	375,269
Miscellaneous	82,992	--	--	174,649	257,641
Total Revenues	<u>37,027,572</u>	<u>716,946</u>	<u>453,027</u>	<u>3,015,119</u>	<u>41,212,664</u>
Expenditures					
Current					
General government	2,695,090	20,919	128,655	378,874	3,223,538
Public safety	3,517,792	--	128,227	290,727	3,936,746
Education	22,774,910	--	84,327	1,141,543	24,000,780
Public works	1,190,229	--	--	103,880	1,294,109
Health and human services	415,446	--	99,220	185,204	699,870
Culture and recreation	890,748	--	--	377,486	1,268,234
Employee benefits	3,555,000	--	12,598	--	3,567,598
Debt service					
Principal	935,000	--	--	--	935,000
Interest	345,569	--	--	--	345,569
Intergovernmental	57,948	--	--	--	57,948
Total Expenditures	<u>36,377,732</u>	<u>20,919</u>	<u>453,027</u>	<u>2,477,714</u>	<u>39,329,392</u>
Excess of Revenues Over Expenditures	<u>649,840</u>	<u>696,027</u>	<u>--</u>	<u>537,405</u>	<u>1,883,272</u>
Other Financing Sources (Uses)					
Transfers in	193,902	99,400	--	51,045	344,347
Transfers out	(51,045)	--	--	(293,302)	(344,347)
Total Other Financing Sources (Uses)	<u>142,857</u>	<u>99,400</u>	<u>--</u>	<u>(242,257)</u>	<u>--</u>
Change in Fund Balance	792,697	795,427	--	295,148	1,883,272
Fund Balance, at Beginning of Year	<u>8,165,520</u>	<u>3,223,507</u>	<u>--</u>	<u>3,970,066</u>	<u>15,359,093</u>
Fund Balance, at End of Year	<u>\$ 8,958,217</u>	<u>\$ 4,018,934</u>	<u>\$ --</u>	<u>\$ 4,265,214</u>	<u>\$ 17,242,365</u>

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

TOWN OF CARLISLE, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2024

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,883,272
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Capital outlay	933,043
Depreciation	(1,563,560)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>	
Repayments of general obligation bonds	935,000
Bond premium amortization	175,649
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for certain types of accounts receivable (i.e., real estate, personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.</p>	
	2,895
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>	
Change in pension expense from GASB 68	(1,238,336)
Change in OPEB expense from GASB 75	611,783
Change in compensated absences liability	(12,746)
Change in accrued interest expense	14,984
Change in Net Position of Governmental Activities	<u>\$ 1,741,984</u>

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

TOWN OF CARLISLE, MASSACHUSETTS

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2024

	OPEB Trust Fund	Private Purpose Trust Funds	Custodial Funds
Assets			
Cash and short-term investments	\$ 14,935	\$ 34,579	\$ 49,182
Investments:			
Corporate bonds	--	132,408	--
Corporate equities	320,398	33,603	--
Equity mutual funds	2,212,251	--	--
Fixed income mutual funds	808,174	2,504	--
U.S. Treasury	--	100,858	--
Total Investments	3,340,823	269,373	--
Total Assets	<u>3,355,758</u>	<u>303,952</u>	<u>49,182</u>
Liabilities			
Warrants Payable	--	--	23
Accrued Liabilities	--	--	4,903
Total Liabilities	<u>--</u>	<u>--</u>	<u>4,926</u>
Net Position			
Restricted for OPEB	3,355,758	--	--
Restricted for other purposes	--	303,952	44,256
Total Net Position	<u>\$ 3,355,758</u>	<u>\$ 303,952</u>	<u>\$ 44,256</u>

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

TOWN OF CARLISLE, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2024

	OPEB Trust Fund	Private Purpose Trust Funds	Custodial Funds
Additions			
Employer contributions	\$ 650,159	\$ --	\$ --
Investment income (loss), net	351,021	15,221	199
Other	<u>--</u>	<u>--</u>	<u>13,422</u>
Total Additions	<u>1,001,180</u>	<u>15,221</u>	<u>13,621</u>
Deductions			
Benefit payments to plan members and beneficiaries	435,159	--	--
Other	<u>--</u>	<u>10,000</u>	<u>4,637</u>
Total Deductions	<u>435,159</u>	<u>10,000</u>	<u>4,637</u>
Change in Net Position	566,021	5,221	8,984
Restricted Net Position			
Beginning of Year	<u>2,789,737</u>	<u>298,731</u>	<u>35,272</u>
End of Year	<u>\$ 3,355,758</u>	<u>\$ 303,952</u>	<u>\$ 44,256</u>

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

The Town is a municipal corporation governed by an elected Select Board. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2024, it was determined that no entities met the component unit requirements of GASB 14 (as amended).

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

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

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

The Town reports the following fiduciary funds:

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

CASH AND INVESTMENTS

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

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

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND INVESTMENTS (CONTINUED)

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

PROPERTY TAX LIMITATIONS

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

CAPITAL ASSETS

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20 - 50
Infrastructure	20 - 75
Machinery and equipment	5 - 15

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

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

LONG-TERM OBLIGATIONS

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

FUND EQUITY

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

Fund Balance

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

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

The following types of fund balances are reported at June 30, 2024:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue funds, various capital project funds, and expendable trust funds.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

Fund Balance (Continued)

- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes General Fund non-lapsing appropriations approved at Town Meeting and General Fund surplus that has been appropriated for a particular purpose in the subsequent fiscal year.
- *Assigned* represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and General Fund surplus that has been appropriated as a funding source for the subsequent fiscal year to reduce taxation.
- *Unassigned* represents amounts that are available to be spent in future periods, general stabilization, and deficit funds.

Net Position

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

USE OF ESTIMATES

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2024, \$1,238,187 of the Town's bank balance of \$18,562,396 was exposed to custodial credit risk as uninsured and/or uncollateralized. Additionally, \$1,767,345 was invested in MMDT (the state pool), which is not subject to this disclosure.

INVESTMENTS

The following is a summary of the Town's investments (in thousands) as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 940
Corporate equities	559
Equity mutual funds	2,230
Fixed income mutual funds	808
U.S. Treasury	716
	<u>\$ 5,253</u>

Custodial Credit Risk

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

As of June 30, 2024, the Town did not have investments subject to custodial credit risk exposure as all assets were held in the Town's name.

Credit Risk - Investments in Debt Securities

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Credit Risk - Investments in Debt Securities (Continued)

As of June 30, 2024, the credit quality ratings, as rated by Moody's Investors Service, Inc., of the Town's debt securities (in thousands) were as follows:

Investment Type	Amount	Rating as of Year End						
		AAA	A1	A2	A3	Baa1	Baa2	Unrated
Corporate bonds	\$ 940	\$ 94	\$ 204	\$ 333	\$ 102	\$ 108	\$ 99	\$ --
Fixed income mutual funds	808	--	--	--	--	--	--	808
U.S. Treasury	716	716	--	--	--	--	--	--
	<u>\$ 2,464</u>	<u>\$ 810</u>	<u>\$ 204</u>	<u>\$ 333</u>	<u>\$ 102</u>	<u>\$ 108</u>	<u>\$ 99</u>	<u>\$ 808</u>

Concentration of Credit Risk

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

As of June 30, 2024, the Town did not have investments in any one issuer that exceeded 5% of total investments.

Interest Rate Risk - Investments in Debt Securities

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

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations (in thousands) was as follows at June 30, 2024:

Investment Type	Amount	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
Corporate bonds	\$ 940	\$ 108	\$ 726	\$ 106
U.S. Treasury	716	233	483	--
	<u>\$ 1,656</u>	<u>\$ 341</u>	<u>\$ 1,209</u>	<u>\$ 106</u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Foreign Currency Risk

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

At June 30, 2024, none of the Town's investments were exposed to foreign currency risk.

Fair Value

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

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

- Level 1 - inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 - inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 - unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value (Continued)

The Town had the following fair value measurements (in thousands) as of June 30, 2024:

Investment Type	Amount	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Corporate bonds	\$ 940	\$ --	\$ 940	\$ --
Corporate equities	559	559	--	--
Equity mutual funds	2,230	2,230	--	--
Fixed income mutual funds	808	808	--	--
U.S. Treasury	716	716	--	--
	\$ 5,253	\$ 4,313	\$ 940	\$ --

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

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

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4 - PROPERTY TAXES AND EXCISES RECEIVABLE

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

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

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

A statewide property tax limitation known as "Proposition 2½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2½ limits the total levy to an amount not greater than 2½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2½% of the prior year's levy plus the taxes on property newly added to the tax rolls. The actual fiscal year 2024 tax levy reflected an excess capacity of \$1,516,341.

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

Property taxes, net of allowance of \$ and excise receivables at June 30, 2024 consisted of the following:

	Current Portion	Long- Term Portion
Real estate taxes	\$ 170,262	\$ --
Personal property taxes	2,433	--
Community preservation act	3,728	--
Tax liens	<u>67,772</u>	<u>192,826</u>
Total Property Taxes	<u>\$ 244,195</u>	<u>\$ 192,826</u>
Motor vehicle excise	<u>\$ 95,690</u>	

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2024.

NOTE 6 - CAPITAL ASSETS

Capital asset activity (in thousands) for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Land improvements	\$ 914	\$ 193	\$ --	\$ 1,107
Buildings and improvements	35,163	535	--	35,698
Machinery and equipment	8,435	174	--	8,609
Infrastructure	<u>32,642</u>	<u>93</u>	<u>--</u>	<u>32,735</u>
Total Capital Assets, Being Depreciated	<u>77,154</u>	<u>995</u>	<u>--</u>	<u>78,149</u>
Less Accumulated Depreciation For:				
Land improvements	(846)	(17)	--	(863)
Buildings and improvements	(15,682)	(895)	--	(16,577)
Machinery and equipment	(6,504)	(387)	--	(6,891)
Infrastructure	<u>(25,906)</u>	<u>(263)</u>	<u>--</u>	<u>(26,169)</u>
Total Accumulated Depreciation	<u>(48,938)</u>	<u>(1,562)</u>	<u>--</u>	<u>(50,500)</u>
Total Capital Assets, Being Depreciated, Net	<u>28,216</u>	<u>(567)</u>	<u>--</u>	<u>27,649</u>
Capital Assets, Not Being Depreciated:				
Land	10,219	--	--	10,219
Intangible assets	560	--	--	560
Construction in progress	<u>3,017</u>	<u>136</u>	<u>(200)</u>	<u>2,953</u>
Total Capital Assets, Not Being Depreciated	<u>13,796</u>	<u>136</u>	<u>(200)</u>	<u>13,732</u>
Capital Assets, Net	<u>\$ 42,012</u>	<u>\$ (431)</u>	<u>\$ (200)</u>	<u>\$ 41,381</u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

General government	\$	77
Public safety		269
Education		790
Public works		363
Health and human services		<u>63</u>
	\$	<u>1,562</u>

NOTE 7 - DEFERRED OUTFLOWS OF RESOURCES

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

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable represent fiscal year 2024 expenditures paid after June 30, 2024.

NOTE 9 - ACCRUED LIABILITIES

Accrued liabilities are comprised primarily of accrued payroll and payroll withholdings for fiscal year 2024.

NOTE 10 - UNEARNED REVENUE

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 11 - TAX REFUNDS PAYABLE

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

NOTE 12 - LONG-TERM DEBT

GENERAL OBLIGATION BONDS

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

General obligation bonds outstanding at June 30, 2024 were as follows:

	Issue Date	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/24
Wastewater	04/01/06	04/01/26	4.00-5.50%	\$ 120,000
Wastewater	04/01/06	04/01/26	4.00-5.50%	110,000
Communications infrastructure/equipment	10/29/20	08/01/37	2.00-5.00%	1,621,000
Fire truck	10/29/20	08/01/37	2.00-5.00%	376,000
Land acquisition	10/29/20	08/01/37	2.00-5.00%	164,000
Communications infrastructure/equipment	10/29/20	08/01/29	2.00-5.00%	120,000
DPW truck/chipper	10/29/20	08/01/24	5.00%	21,000
Building remodel	10/29/20	08/01/25	5.00%	72,000
School parking	10/29/20	08/01/34	2.00-5.00%	166,000
School project refunding	10/05/21	09/15/37	2.00-5.00%	6,340,000
Fire truck refunding	10/05/21	09/15/37	2.00-5.00%	129,000
School design refunding	10/05/21	09/15/32	2.00-5.00%	76,000
DPW roll-off truck refunding	10/05/21	09/15/29	2.00-5.00%	41,000
Dump truck refunding	10/05/21	09/15/32	2.00-5.00%	49,000
Cisterns refunding	10/05/21	09/15/29	2.00-5.00%	15,000
				<u>\$ 9,420,000</u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 12 - LONG-TERM DEBT (CONTINUED)

FUTURE DEBT SERVICE

The annual payments to retire all general obligation bonds outstanding as of June 30, 2024 were as follows:

	Principal	Interest	Total
2025	\$ 925,000	\$ 300,075	\$ 1,225,075
2026	865,000	256,188	1,121,188
2027	725,000	214,425	939,425
2028	725,000	178,175	903,175
2029	720,000	142,050	862,050
2030	720,000	109,425	829,425
2031	685,000	87,860	772,860
2032	670,000	74,400	744,400
2033	670,000	61,000	731,000
2034	555,000	48,750	603,750
2035 - 2039	<u>2,160,000</u>	<u>85,800</u>	<u>2,245,800</u>
	<u>\$ 9,420,000</u>	<u>\$ 1,558,148</u>	<u>\$ 10,978,148</u>

CHANGES IN LONG-TERM LIABILITIES

During the year ended June 30, 2024, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Bonds payable	\$ 10,355	\$ --	\$ (935)	\$ 9,420	\$ (925)	\$ 8,495
Unamortized premium	<u>990</u>	<u>--</u>	<u>(176)</u>	<u>814</u>	<u>(164)</u>	<u>650</u>
	11,345	--	(1,111)	10,234	(1,089)	9,145
Compensated absences liability	235	131	(119)	247	(127)	120
Net pension liability	13,494	2,716	--	16,210	--	16,210
Net OPEB liability	<u>10,328</u>	<u>--</u>	<u>(1,638)</u>	<u>8,690</u>	<u>--</u>	<u>8,690</u>
	<u>\$ 35,402</u>	<u>\$ 2,847</u>	<u>\$ (2,868)</u>	<u>\$ 35,381</u>	<u>\$ (1,216)</u>	<u>\$ 34,165</u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 12 - LONG-TERM DEBT (CONTINUED)

LONG-TERM DEBT SUPPORTING GOVERNMENTAL ACTIVITIES

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

OVERLAPPING DEBT

The Concord-Carlisle Regional School District has outstanding debt of \$35,555,000 as of June 30, 2024. The Town's share of the debt is 23.58% or \$8,383,869.

NOTE 13 - DEFERRED INFLOWS OF RESOURCES

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 14 - GOVERNMENTAL FUNDS – FUND BALANCES

The Town’s fund balances at June 30, 2024 were comprised of the following:

	General Fund	Community Preservation Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Permanent funds	\$ --	\$ --	\$ --	\$ 87,849	\$ 87,849
Total Nonspendable	--	--	--	87,849	87,849
Restricted					
Community preservation funds	--	4,018,934	--	--	4,018,934
Capital project funds	--	--	--	101,580	101,580
Special revenue funds:					
Federal grants	--	--	--	73,447	73,447
State grants	--	--	--	97,208	97,208
Receipts reserved for appropriation	--	--	--	959,437	959,437
Revolving funds	--	--	--	1,289,970	1,289,970
Gifts and donations	--	--	--	207,811	207,811
School lunch	--	--	--	355,985	355,985
Affordable housing	--	--	--	259,900	259,900
Other	--	--	--	334,443	334,443
Permanent funds	--	--	--	511,096	511,096
Total Restricted	--	4,018,934	--	4,190,877	8,209,811
Committed					
Wastewater treatment plant	549,120	--	--	--	549,120
Facilities maintenance	520,000	--	--	--	520,000
Other	61,501	--	--	--	61,501
Capital stabilization	300,000	--	--	--	300,000
Next year's expenditures - Capital	813,357	--	--	--	813,357
Total Committed	2,243,978	--	--	--	2,243,978
Assigned					
School technology	126,402	--	--	--	126,402
Fire safety equipment	38,565	--	--	--	38,565
Town hall facilities	19,000	--	--	--	19,000
Other	101,730	--	--	--	101,730
Next year's expenditures - Reduce taxation	100,000	--	--	--	100,000
Total Assigned	385,697	--	--	--	385,697
Unassigned					
General Fund	5,002,473	--	--	--	5,002,473
General stabilization	1,326,069	--	--	--	1,326,069
Special revenue funds	--	--	--	(13,512)	(13,512)
Total Unassigned	6,328,542	--	--	(13,512)	6,315,030
Total Fund Balances	\$ 8,958,217	\$ 4,018,934	\$ --	\$ 4,265,214	\$ 17,242,365

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 15 - TRANSFERS

The Town reports interfund transfers between various funds. Most transfers results from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is a schedule of major interfund transfers for the year ended June 30, 2024:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 193,902	\$ 51,045
Community Preservation Act Fund	99,400	-
Nonmajor Governmental Funds:		
Special Revenue Funds	<u>51,045</u>	<u>293,302</u>
Subtotal Nonmajor Governmental Funds	<u>51,045</u>	<u>293,302</u>
	<u>\$ 344,347</u>	<u>\$ 344,347</u>

Of the transfers into the General Fund \$99,000 was from the Recreation Revolving Fund for excess funds on hand at year end. Additionally, \$94,857 was unspent bond proceeds from capital project funds that were closed during FY24 due to inactivity.

NOTE 16 - MIDDLESEX COUNTY RETIREMENT SYSTEM

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

PLAN DESCRIPTION

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 16 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

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

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

Participant Retirement Benefits

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

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 16 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Retirement Benefits (Continued)

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

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

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

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

Methods of Payment

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

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 16 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Methods of Payment (Continued)

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

Participant Refunds

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

Employer Contributions

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

The Town’s contribution to the System for the year ended June 30, 2024 was \$1,402,244, which was equal to its annual required contribution.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 16 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

At June 30, 2024, the Town reported a liability of \$16,210,292 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Town’s proportion was 0.958589%, which was an increase of 0.163467% from the proportionate share measured as of June 30, 2023.

For the year ended June 30, 2024, the Town recognized pension expense of \$2,640,580. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 466,394	\$ --
Changes of assumptions	104,166	--
Net difference between projected and actual earnings on pension plan investments	831,044	--
Changes in proportion and differences between contributions and proportionate share of contributions	3,087,879	56,178
	\$ 4,489,483	\$ 56,178

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 16 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

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

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

<u>June 30</u>	<u>Amount</u>
2025	\$ 1,098,479
2026	1,263,193
2027	1,621,009
2028	<u>450,624</u>
	<u>\$ 4,433,305</u>

ACTUARIAL ASSUMPTIONS

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

Salary increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2, and 4.50% for Group 4
Valuation date	January 1, 2024
Inflation rate	3.25%
Investment rate of return	7.15%

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

TARGET ALLOCATIONS

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 16 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

TARGET ALLOCATIONS (CONTINUED)

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

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	22.00%	6.29%
International developed markets equity	9.50%	6.39%
International emerging markets equity	4.50%	7.63%
Core fixed income	15.00%	1.72%
High-yield fixed income	9.00%	3.43%
Real estate	10.00%	3.24%
Timber	4.00%	3.72%
Hedge funds, GTAA, risk parity	10.00%	2.87%
Private equity	16.00%	9.43%
	<u>100.00%</u>	

DISCOUNT RATE

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 16 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
\$ 20,294,129	\$ 16,210,292	\$ 12,773,606

PENSION PLAN FIDUCIARY NET POSITION

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

NOTE 17 - MASSACHUSETTS TEACHERS’ RETIREMENT SYSTEM (MTRS)

PLAN DESCRIPTION

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

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 17 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

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

BENEFITS PROVIDED

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 17 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

CONTRIBUTIONS

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

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

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

ACTUARIAL ASSUMPTIONS

The net pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. This valuation used the following assumptions:

- (a) 7.00% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012 - 2020.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 17 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

ACTUARIAL ASSUMPTIONS (CONTINUED)

- Mortality rates were as follows:
 - Pre-retirement - reflects RP-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender district).
 - Post-retirement - reflects RP-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
 - Disability - assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).

TARGET ALLOCATIONS

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2024 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	37.00%	4.90%
Core fixed income	15.00%	1.90%
Private equity	16.00%	7.40%
Portfolio completion strategies	10.00%	3.80%
Real estate	10.00%	3.00%
Value added fixed income	8.00%	5.10%
Timber/natural resources	4.00%	4.30%
	<u>100.00%</u>	

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 17 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates.

Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY ANALYSIS

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

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 33,378,000	\$ 26,290,271	\$ 20,292,000

SPECIAL FUNDING SITUATION

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 17 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

TOWN PROPORTIONS

In fiscal year 2023 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$25,412,308 based on a proportionate share of 0.096661%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of \$2,076,921 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of \$2,372,751 as both a revenue and expense on the Statement of Activities.

NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75)

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

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

All the following OPEB disclosures are based on a measurement date of June 30, 2024.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description

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

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

GENERAL INFORMATION ABOUT THE OPEB PLAN (CONTINUED)

Benefits Provided

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

Funding Policy

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

Plan Membership

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	182
Active employees	<u>97</u>
	<u>279</u>

INVESTMENTS

The OPEB Trust Fund's assets at June 30, 2024 consisted of corporate equities, equity mutual funds, and fixed income mutual funds.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 11.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The net OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary increases	3.00% per year
Investment rate of return	6.82% (previously 5.87%)
Municipal bond rate	4.21%
Healthcare cost trend rates	5.00% in fiscal year 2024 and an ultimate trend rate of 3.63 in fiscal year 2060
Retirees' share of benefit-related costs	Participants pay 45% of premiums for health insurance and 50% of the premiums for life insurance.
Participation rate	80% of employees eligible to receive both medical and life insurance

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

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

TARGET ALLOCATIONS

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

TARGET ALLOCATIONS (CONTINUED)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Expected Real Rate of Return</u>
Domestic Equity - Large Cap	31.75%	4.91%
Domestic Equity - Small/Mid Cap	10.25%	5.29%
International Equity - Developed Market	13.00%	5.32%
International Equity - Emerging Market	6.75%	6.13%
Domestic Fixed Income	21.50%	2.30%
International Fixed Income	3.75%	2.02%
Alternatives	10.00%	6.35%
Real Estate	2.50%	6.25%
Cash	0.50%	0.00%
	<u>100.00%</u>	

CONTRIBUTIONS

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

DISCOUNT RATE

The discount rate used to measure the net OPEB liability was 6.82%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and in 2037 the Town will begin to contribute an additional \$700,000 annually when the Middlesex County Retirement actuarially determined contribution is reduced.

Based on those assumptions, the OPEB plan fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. As a result, the investment rate of return of 6.82% is applied to all projected future benefit payments.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

NET OPEB LIABILITY

The components of the net OPEB liability, measured as of June 30, 2024, were as follows:

Total OPEB liability	\$ 12,045,915
Plan fiduciary net position	<u>3,355,758</u>
Net OPEB Liability	<u><u>\$ 8,690,157</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	27.86%

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

CHANGES IN THE NET OPEB LIABILITY

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan	
		Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, Beginning of Year	<u>\$ 13,117,752</u>	<u>\$ 2,789,737</u>	<u>\$ 10,328,015</u>
Changes for the year:			
Service cost	430,998	--	430,998
Interest	782,722	--	782,722
Contributions - employer	--	650,159	(650,159)
Net investment income (loss)	--	351,021	(351,021)
Differences between expected and actual experience	(913,227)	--	(913,227)
Changes in assumptions or other inputs	(937,171)	--	(937,171)
Benefit payments	<u>(435,159)</u>	<u>(435,159)</u>	<u>--</u>
Net Changes	<u>(1,071,837)</u>	<u>566,021</u>	<u>(1,637,858)</u>
Balances, End of Year	<u><u>\$ 12,045,915</u></u>	<u><u>\$ 3,355,758</u></u>	<u><u>\$ 8,690,157</u></u>

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

CHANGES IN THE NET OPEB LIABILITY (CONTINUED)

Changes in assumptions and other inputs reflect a change in the discount rate from 5.87% in 2023 to 6.82% in 2024.

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

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

1% Decrease (5.82%)	Current Discount Rate (6.82%)	1% Increase (7.82%)
\$ 10,334,297	\$ 8,690,157	\$ 7,335,695

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

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

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$ 7,193,395	\$ 8,690,157	\$ 10,527,020

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

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

For the year ended June 30, 2024, the Town recognized an OPEB expense of \$38,376. At June 30, 2024, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ 109,598	\$ 2,529,707
Change in assumptions	1,317,136	4,024,001
Net difference between projected and actual OPEB investment earnings	--	43,008
	\$ 1,426,734	\$ 6,596,716

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

June 30	Amount
2025	\$ (1,208,466)
2026	(1,567,982)
2027	(1,176,621)
2028	(649,139)
2029	(303,428)
Thereafter	(264,346)
	\$ (5,169,982)

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 19 - COMMITMENTS AND CONTINGENCIES

OUTSTANDING LEGAL ISSUES

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

GRANTS

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

ENCUMBRANCES

At year-end the Town's General Fund had \$285,697 in encumbrances that will be honored in the next fiscal year.

NOTE 20 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 27, 2025, which is the date the financial statements were available to be issued.

NOTE 21 - NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102 *Certain Risk Disclosures*, effective for the Town beginning June 30, 2025. Additionally, GASB Statements No. 103 and 104, *Financial Reporting Model Improvements*, and *Disclosures of Certain Capital Assets*, respectively, are effective for the Town beginning June 30, 2026. Management is currently evaluating the impact of implementing these GASB pronouncements.

TOWN OF CARLISLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		Positive (Negative)
Revenues				
Property taxes	\$ 30,614,354	\$ 30,614,354	\$ 30,683,777	\$ 69,423
Excises	875,000	875,000	1,215,131	340,131
Penalties, interest, and other taxes	75,000	75,000	104,302	29,302
Charges for services	63,000	63,000	79,161	16,161
Intergovernmental	1,948,948	1,948,948	1,939,281	(9,667)
Licenses and permits	339,000	339,000	474,766	135,766
Fines and forfeitures	1,200	1,200	3,653	2,453
Investment income	19,811	19,811	212,211	192,400
Miscellaneous	8,975	8,975	60,114	51,139
Total Revenues	33,945,288	33,945,288	34,772,396	827,108
Expenditures				
General government	2,382,822	3,481,822	3,084,533	397,289
Public safety	3,462,463	3,670,906	3,610,727	60,179
Education	20,772,783	21,192,960	21,097,209	95,751
Public works	1,327,602	1,543,521	1,394,793	148,728
Health and human services	448,589	447,658	421,417	26,241
Culture and recreation	921,556	943,498	893,230	50,268
Employee benefits	3,295,956	3,377,956	3,339,999	37,957
Debt service	1,280,569	1,280,569	1,280,569	--
Intergovernmental	57,948	57,948	57,948	--
Total Expenditures	33,950,288	35,996,838	35,180,425	816,413
Excess (Deficiency) of Revenues Over Expenditures	(5,000)	(2,051,550)	(408,029)	1,643,521
Other Financing Sources (Uses)				
Transfers in	--	--	193,902	193,902
Transfers out	(215,000)	(542,303)	(542,303)	--
Use of free cash:				
Stabilization transfer	--	300,000	300,000	--
Reduce taxes	235,000	235,000	235,000	--
Corey Auditorium upgrades	--	280,000	280,000	--
Greenough barn removal	--	200,000	200,000	--
Other	--	27,303	27,303	--
Raising of prior year deficits	(15,000)	(15,000)	--	15,000
Use of prior year fund balance (carryforwards)	--	1,566,550	1,566,550	--
Total Other Financing Sources (Uses)	5,000	2,051,550	2,260,452	208,902
Overall Budgetary Excess	\$ --	\$ --	\$ 1,852,423	\$ 1,852,423

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

TOWN OF CARLISLE, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR GENERAL FUND BUDGET**

FOR THE YEAR ENDED JUNE 30, 2024

BUDGETARY BASIS

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

BUDGET/GAAP RECONCILIATION

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

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

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
Revenues/expenditures/other financing sources/uses (GAAP Basis)	\$ 37,027,572	\$ 36,377,732	\$ 142,857
To reverse unbudgeted GASB 24 Massachusetts Teacher Retirement System	(2,076,921)	(2,076,921)	--
To record use of prior year carryforwards	--	--	1,566,550
Current year carryforwards and continuing appropriations	--	1,099,055	--
To record use of free cash	--	--	1,042,303
Reclassification of budgeted transfers	--	(215,000)	(215,000)
Other adjustments	(82,931)	(4,441)	--
Reverse the effects of combining the General Fund and stabilization fund (GASB 54)	<u>(95,324)</u>	<u>--</u>	<u>(276,258)</u>
Budgetary Basis	<u>\$ 34,772,396</u>	<u>\$ 35,180,425</u>	<u>\$ 2,260,452</u>

TOWN OF CARLISLE, MASSACHUSETTS

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



Middlesex County Retirement System									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability			
June 30, 2024	December 31, 2023	0.958589%	\$ 16,210,292	\$ 6,599,149	245.64%	55.21%			
June 30, 2023	December 31, 2022	0.795122%	13,493,696	6,411,108	210.47%	52.61%			
June 30, 2022	December 31, 2021	0.656850%	8,806,565	6,153,577	143.11%	61.14%			
June 30, 2021	December 31, 2020	0.675972%	10,349,764	6,020,631	171.90%	53.42%			
June 30, 2020	December 31, 2019	0.693848%	11,101,958	5,787,456	191.83%	49.45%			
June 30, 2019	December 31, 2018	0.715446%	11,157,139	5,350,293	208.53%	46.40%			
June 30, 2018	December 31, 2017	0.664872%	9,435,767	5,141,785	183.51%	49.27%			
June 30, 2017	December 31, 2016	0.704972%	9,988,584	5,103,107	195.74%	45.49%			
June 30, 2016	December 31, 2015	0.690901%	8,912,755	4,723,787	188.68%	46.13%			
June 30, 2015	December 31, 2014	0.665000%	7,984,515	4,542,103	175.79%	47.65%			

Massachusetts Teachers' Retirement System									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability	
June 30, 2024	June 30, 2023	0.096661%	\$ --	\$ 25,412,308	\$ 25,412,308	\$ 8,346,144	\$ --	58.48%	
June 30, 2023	June 30, 2022	0.096581%	--	25,003,075	25,003,075	7,949,594	--	57.75%	
June 30, 2022	June 30, 2021	0.103250%	--	23,444,870	23,444,870	8,008,058	--	62.03%	
June 30, 2021	June 30, 2020	0.098293%	--	28,057,622	28,057,622	7,447,432	--	50.67%	
June 30, 2020	June 30, 2019	0.104554%	--	26,362,287	26,362,287	7,608,549	--	53.95%	
June 30, 2019	June 30, 2018	0.103782%	--	24,607,936	24,607,936	7,288,471	--	54.84%	
June 30, 2018	June 30, 2017	0.107703%	--	24,648,235	24,648,235	7,313,538	--	54.25%	
June 30, 2017	June 30, 2016	0.103459%	--	23,131,262	23,131,262	6,805,176	--	52.73%	
June 30, 2016	June 30, 2015	0.105556%	--	21,627,992	21,627,992	6,691,077	--	55.38%	
June 30, 2015	June 30, 2014	0.106852%	--	16,985,552	16,985,552	6,551,624	--	61.64%	

See independent auditors' report.

TOWN OF CARLISLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS

(Unaudited)

Middlesex County Retirement System						
Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2024	December 31, 2023	\$ 1,402,244	\$ 1,402,244	\$ --	\$ 6,824,741	20.55%
June 30, 2023	December 31, 2022	1,265,339	1,265,339	--	6,244,986	20.26%
June 30, 2022	December 31, 2021	1,192,106	1,192,106	--	6,153,577	19.37%
June 30, 2021	December 31, 2020	1,057,819	1,057,819	--	6,020,631	17.57%
June 30, 2020	December 31, 2019	991,823	991,823	--	5,787,456	17.14%
June 30, 2019	December 31, 2018	932,452	932,452	--	5,350,293	17.43%
June 30, 2018	December 31, 2017	877,464	877,464	--	5,141,785	17.07%
June 30, 2017	December 31, 2016	820,032	820,032	--	5,103,107	16.07%
June 30, 2016	December 31, 2015	771,117	771,117	--	4,723,787	16.32%
June 30, 2015	December 31, 2014	726,609	726,609	--	4,542,103	16.00%
Massachusetts Teachers' Retirement System						
Fiscal Year	Measurement Date	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2024	June 30, 2023	\$ 2,076,921	\$ 2,076,921	\$ --	\$ 8,517,900	24.38%
June 30, 2023	June 30, 2022	2,032,652	2,032,652	--	8,342,233	24.37%
June 30, 2022	June 30, 2021	1,805,310	1,805,310	--	8,008,058	22.54%
June 30, 2021	June 30, 2020	1,526,918	1,526,918	--	7,447,432	20.50%
June 30, 2020	June 30, 2019	1,509,458	1,509,458	--	7,608,549	19.84%
June 30, 2019	June 30, 2018	1,364,502	1,364,502	--	7,288,471	18.72%
June 30, 2018	June 30, 2017	1,330,686	1,330,686	--	7,313,538	18.19%
June 30, 2017	June 30, 2016	1,163,481	1,163,481	--	6,805,176	17.10%
June 30, 2016	June 30, 2015	1,078,706	1,078,706	--	6,691,077	16.12%
June 30, 2015	June 30, 2014	1,001,607	1,001,607	--	6,551,624	15.29%

See independent auditors' report.

TOWN OF CARLISLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

(Unaudited)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 430,998	\$ 433,919	\$ 420,073	\$ 904,993	\$ 860,955	\$ 717,641	\$ 569,334
Interest	782,722	732,954	756,859	559,344	439,534	375,714	399,944
Changes of benefit terms	--	--	859,014	--	--	--	--
Differences between expected and actual experience	(913,227)	--	(3,080,483)	--	503,823	--	436,999
Changes of assumptions	(937,171)	(291,218)	784,975	(8,057,105)	3,804,532	1,375,839	586,994
Benefit payments, including refunds of member contributions	<u>(435,159)</u>	<u>(360,650)</u>	<u>(463,258)</u>	<u>(402,861)</u>	<u>(358,767)</u>	<u>(291,776)</u>	<u>(243,610)</u>
Net Change in Total OPEB Liability	(1,071,837)	515,005	(722,820)	(6,995,629)	5,250,077	2,177,418	1,749,661
Total OPEB Liability - Beginning	<u>13,117,752</u>	<u>12,602,747</u>	<u>13,325,567</u>	<u>20,321,196</u>	<u>15,071,119</u>	<u>12,893,701</u>	<u>11,144,040</u>
Total OPEB Liability - Ending (A)	<u>12,045,915</u>	<u>13,117,752</u>	<u>12,602,747</u>	<u>13,325,567</u>	<u>20,321,196</u>	<u>15,071,119</u>	<u>12,893,701</u>
Plan Fiduciary Net Position							
Contributions - employer	650,159	575,650	678,258	2,427,766	357,767	291,776	234,610
Net investment income	351,021	210,814	(406,836)	530,854	--	--	--
Benefit payments, including refunds of member contributions	<u>(435,159)</u>	<u>(360,650)</u>	<u>(463,258)</u>	<u>(402,861)</u>	<u>(357,767)</u>	<u>(291,776)</u>	<u>(234,610)</u>
Net Change in Plan Fiduciary Net Position	566,021	425,814	(191,836)	2,555,759	--	--	--
Plan Fiduciary Net Position - Beginning	<u>2,789,737</u>	<u>2,363,923</u>	<u>2,555,759</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Plan Fiduciary Net Position - Ending (B)	<u>3,355,758</u>	<u>2,789,737</u>	<u>2,363,923</u>	<u>2,555,759</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net OPEB Liability (Asset) - Ending (A-B)	<u>\$ 8,690,157</u>	<u>\$ 10,328,015</u>	<u>\$ 10,238,824</u>	<u>\$ 10,769,808</u>	<u>\$ 20,321,196</u>	<u>\$ 15,071,119</u>	<u>\$ 12,893,701</u>

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

See independent auditors' report.

TOWN OF CARLISLE, MASSACHUSETTS

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

	2024	2023	2022	2021	2020	2019	2018
Schedule of Net OPEB Liability							
Total OPEB liability	\$ 12,045,915	\$ 13,117,752	\$ 12,602,747	\$ 13,325,567	\$ 20,321,196	\$ 15,071,119	\$ 12,893,701
Plan fiduciary net position	<u>3,355,758</u>	<u>2,789,737</u>	<u>2,363,923</u>	<u>2,555,759</u>	--	--	--
Net OPEB Liability (Asset)	<u>\$ 8,690,157</u>	<u>\$ 10,328,015</u>	<u>\$ 10,238,824</u>	<u>\$ 10,769,808</u>	<u>\$ 20,321,196</u>	<u>\$ 15,071,119</u>	<u>\$ 12,893,701</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	27.86%	21.27%	18.76%	19.18%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 16,019,952	\$ 14,331,496	\$ 13,914,074	\$ 12,361,661	\$ 12,001,613	\$ 11,644,660	\$ 11,305,496
Net OPEB Liability as a Percentage of Covered Employee Payroll	54.25%	72.07%	73.59%	87.12%	169.32%	129.43%	114.05%
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Schedule of Contributions							
Actuarially determined contribution	\$ 898,589	\$ 932,510	\$ 904,511	\$ 1,408,460	\$ 1,506,377	\$ 1,445,525	\$ 1,242,764
Contributions in relation to the actuarially determined contribution	<u>650,159</u>	<u>575,650</u>	<u>678,258</u>	<u>2,427,766</u>	<u>358,767</u>	<u>291,776</u>	<u>243,610</u>
Contribution Deficiency (Excess)	<u>\$ 248,430</u>	<u>\$ 356,860</u>	<u>\$ 226,253</u>	<u>\$ (1,019,306)</u>	<u>\$ 1,147,610</u>	<u>\$ 1,153,749</u>	<u>\$ 999,154</u>
Covered Employee Payroll	\$ 16,019,952	\$ 14,331,496	\$ 13,914,074	\$ 12,361,661	\$ 12,001,613	\$ 11,644,660	\$ 11,305,496
Contributions as a Percentage of Covered Employee Payroll	4.06%	4.02%	4.87%	19.64%	2.99%	2.51%	2.15%
<hr/>							
Schedule of Investment Returns							
Annual money weighted rate of return, net of investment expense	11.76%	8.36%	-15.26%	29.40%	N/A	N/A	N/A

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

See independent auditors' report.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*

To the Select Board
Town of Carlisle, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the Town of Carlisle, Massachusetts (the "Town"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively the "Town"), and have issued our report thereon dated February 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

CBIZ CPAs P.C
Boston, MA
February 27, 2025