



Town of Concord  
Concord Financial Audit Advisory Committee  
**AGENDA**

September 18, 2024, at 8:30 AM  
Town House, 22 Monument Sq., 2<sup>nd</sup> Fl. Select Board Hearing Room  
*Notice of public meeting as required by M.G.L. Chpt.30A §18-28*

**HYBRID IN-PERSON AND VIRTUAL MEETING VIA ZOOM**

Join the meeting: <https://us02web.zoom.us/j/81856810960?pwd=c2bOY875RFCXDxfxt8pW2FntsSY3EP.1>  
Meeting ID: 818 5681 0960 Passcode: 843459 Dial in Toll-Free: 833-548-0282

*Please be advised that this open meeting is being broadcast live via Zoom and MMN and recorded for playback online, video-on-demand viewing at <https://concordma.gov/2409/Government>. The listings of matters are those reasonably anticipated by the Chair 48 hours before said meeting, which may be discussed at the meeting. Not all items listed may be addressed. Items may be taken out of order and at times differ from those listed below. Other items not listed may also be brought up for discussion to the extent permitted by law. **Video or call will be muted upon joining meeting please use the “raise your hand” feature in the zoom meeting to ask to speak. ATTENDEES ARE REMINDED THAT BY ATTENDING THIS MEETING THAT YOU CONSENT TO YOUR LIKENESS AND AUDIO BEING USED AND REBROADCAST BY MMN.***

- 8:30 AM **1. Call to Order and Introductions**
- 8:40 AM **2. Public Comment**  
Public Comment is limited to up to 10 minutes, with no more than 3 minutes allocated to any one speaker. Public Comment is limited to items that are not on the agenda.
- 8:50 AM **3. Minutes**
  - Approve the minutes of August 15, 2023
- 8:55 AM **4. FY23 Audits**
  - A. FY23 Concord-Carlisle Regional School District (CCRS) Audit - Presentation and review of the final audit.
  - B. CY23 Concord Municipal Light Plant (CMLP) Audit – Presentation and review of the final audit.
  - C. FY23 Town Audit – The final audit was presented to this committee on August 15, 2024. The committee will review the draft letter to the Select Board.
- 9:55 AM **5. Other Business**
  - Set date for next meeting
  - Any other business
- 10:00 AM **6. Adjournment**



**Town of Concord**  
**Financial Audit Advisory Committee**  
AGENDA ACTION REQUEST  
**September 18, 2024**

**1**

## Call to Order

Introduction of members, staff and guest

**Requested by: FAAC Chair**

**Action Sought: Open Meeting**

### Proposed Motion(s)

MOVE to call the meeting to order. [roll call if any member is remote]

### Additional Information

Members of the Financial Audit Advisory Committee are:

- Wendy Rovelli, Select Board Representative, Chair FAAC (term exp. 5/31/25)
- Cynthia Rainey, School Committee Representative (term exp. 5/31/25)
- Brian Waterson, CCRSC Representative (term exp. 5/31/25)
- Bianca Taylor, CMLB Representative (term exp. 5/31/25)
- Court Booth, At-large member (term exp. 5/31/27)
- Bruce Button, At-large member (term exp. 5/31/26)
- John Flaherty, At-large member (term exp. 5/31/25)

### Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>



**Town of Concord**  
**Financial Audit Advisory Committee**  
AGENDA ACTION REQUEST  
**September 18, 2024**

**3**

## Minutes

Approve the minutes of August 15, 2024

**Requested by: FAAC Chair**

**Action Sought: Approval**

### Proposed Motion(s)

MOVE to approve the minutes from the August 15, 2024 meeting.

### Additional Information

Attached is a copy of the minutes of the August 15, 2024 meeting for the committee to amend/approve as necessary.

### Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>

**Financial Audit Advisory Committee**  
**Draft Minutes of Meeting on August 15, 2024**

The Financial Audit Advisory Committee (FAAC) met on August 15, 2024, at 8:21AM by ZOOM. Notice of the meeting was duly filed with the Town Clerk, Town of Concord, Massachusetts, and the meeting was recorded.

Members present: Bianca B. Taylor, Municipal Light Board; Bruce Button, At-Large Member; Court Booth, At-Large Member; Brian Waterson, CCRSC Representative; Cynthia Rainey, School Committee and Wendy Rovelli, Select Board Representative.

Members absent: John Flaherty, At-Large Member

Others present: Anthony M. Ansaldi Jr, CFO; Elizabeth Rourke, Assistant CFO; Richard Delorey, Town Accountant and Colleen Rhinhart, Deputy Treasurer/Collector; Karlen Reed, Finance Committee.

**1. Call to Order and Introductions**

Wendy Rovelli called the meeting to order, acknowledge that the committee hasn't met in a year before we started with the agenda, had introductions.

**2. Public Comment**

None.

**3. Review the FAAC Charge and Audit Calendar**

No changes expected to the charter, make sure members have read and understood their duties. Our focus is to review the audited financials and look for any internal control issues that are a concern. April 2023 the committee discussed the terms of membership and the theme being one was to have someone from FinCom participate and the second was a discussion around terms. Term is for one year but doesn't have to be one year.

School Committee chose to have two Representatives one for the public schools and one for the region.

Anthony Ansaldi provided a summary of the Audit Schedule to the Committee.

**4. Minutes**

Motion to approve May 9, 2023, minutes, second by Bruce Button. Roll call was taken.

**5. FY23 Audits**

Scott McIntire of Marcum LLP led the discussion highlighting the FY23 Audit.

Mr. McIntire discussed the main results of the audit, how the audit went, went well, did not need to propose any significant audit entries. The estimates in your financial statements that were reviewed in terms of pension and OPEB and other key assumptions we found sound, consistent with most communities in the Commonwealth of Mass, they are appropriately conservative.

Bottom of page 2. couple of bullet items, significant risk items we identify through our planning process, those significant risks are potential override by management, internal control structure and revenue being recognized in an improper fiscal year.

Mr. McIntire pointed out that they are an independent entity from the Town and something new this year they are required to disclose is any non-audit services that we provide.

No concerns on journal entries.

Page 12. or 14. government auditing standards, we are required by standards to indicate any material weaknesses with significant deficiencies that we found in your internal control. Similar to last year the town does need to improve its reconciliation of water and sewer receivables, we have cited as significant deficiency.

Annual Comprehensive Financial Report (ACFR) goes above and beyond your basic requirements of your financial statements. A lot of good information about the community. The highlight is the Independent Auditors Report what you hire us to do. Based on the auditing standards that we follow, which were part of United States generally accepted auditing standards and generally accepted government auditing standards. The yellow book is based on applying our procedures in accordance with those standards in our opinions your financial statements are materially fairly presented in accordance to generally accepted here in the U.S. In general it's thought of as a clean Independent Auditor Report, we call it unmodified.

Page 26. long-term perspective, net pension and net OPEB liability in our professional opinion no conversation about a local government financial statement is complete without discussing these two key account balances. In general funding percentages for both is better than most. Pension liability 6.5% nice conservative discount rate, my opinion appropriate.

Mr. McIntire spoke about the Enterprise Funds Water & Sewer.

Ms. Rovelli asked Mr. McIntire to remind her what line item "nonspendable" represents. Mr. McIntire stated a couple of things, the vast majority is your Cemetery Perpetual Care Money, people make contributions or buy sites. The principle is not to be spent the interest can be used for care and upkeep of the cemetery.

Page 20. Unassigned fund balance went up \$2.4 million dollars. The sentence at the bottom of the page explains why the balance went up. It's from positive budgetary results softened by the use of free cash and other financing sources it brought that \$5 million down to \$2.4 million dollars.

Scott stated that the percentages are very good and consistent with your peers as a Triple A rated community.

Ms. Rovelli asked for Scott's feedback on our debt ratios. Mr. McIntire answered it's not the amount of debt but how rapidly the debt is being paid off. Rating agencies will often look at how rapidly you're paying off your debt you're not there because the votes elected to do something different, nothing wrong with that. It is important for the readers to know there's a reason why you're only paying off x%. It's important for management to know to be able to express to rating agencies and financial institutions and the committee. I don't think the rating agencies will look at your debt burden as out of line.

Ms. Reed question is looking forward we're going to be creating another fund called the Storm Water Fund how this will be shown as an account. Mr. McIntire little bit more complicated, decision will need to be made as to weather it's going to be an Enterprise Fund or a Governmental fund. The answer to that in general is also driven by the accounting standards.

Mr. McIntire summarized recommendations.

#### **6. FY22 Audits**

No discussions.

#### **7. Other Business**

None.

#### **8. Adjournment**

Roll call was taken, the Chair adjourned the meeting at 10:00am.



**Town of Concord**  
**Financial Audit Advisory Committee**  
AGENDA ACTION REQUEST  
**September 18, 2024**

**4A**

# **FY23 Concord-Carlisle Regional School District Audit**

Presentation of the CCRSD FY23 Audit Results

**Requested by: FAAC Chair**

**Action Sought: Discussion**

## **Proposed Motion(s)**

Discussion dependent

## **Additional Information**

The audit firm of Marcum, LLP, (formerly Melanson) will present the results of the FY23 Concord-Carlisle Regional School District audit.

## **Board Action**

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>



August 28, 2024

To the Honorable Members of the School Committee  
and Financial Audit Advisory Committee  
**Concord-Carlisle Regional School District**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Concord-Carlisle Regional School District (the District) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 22, 2024. Professional standards also require that we communicate to you the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, and OMB Uniform Guidance**

As stated in our engagement letter dated July 22, 2024, our responsibility, as described by professional standards, was to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements were free of material misstatement, we also performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to RSI, which supplement the basic financial statements, was to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

### **Planned Scope, Timing of the Audit, and Other**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls.
- Improper revenue recognition.

### **Significant Audit Matters**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2023. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events

affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Estimated lives and depreciation methods for depreciable assets.
- Management's estimate of the net pension liability and related deferred outflows in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 (GASB 68) and the Net OPEB liability and related deferred inflows/outflows in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75) are based on actuarial methods and assumptions used by the actuaries for the development of the funding valuation as well as the accounting valuations. The key factors impacting the assumptions, such as inflation, salary changes, market conditions, ad hoc postemployment benefit changes (including ad hoc cost-of-living adjustments (COLAs)), and inputs to the discount rate, as well as certain information about mortality assumptions and the dates of experience studies, are subject to change on an annual basis and therefore can have a significant impact on this estimate. We evaluated the key factors and assumptions used to develop these estimates described above, in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the above are based on various criteria. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Pension disclosures in Note 15 and 16 to the financial statements and OPEB disclosures in Note 17 to the financial statements are reliant upon various estimates.

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Independence***

For the year ended June 30, 2023, we were engaged to prepare the government-wide financial statements by consolidating various funds into governmental activities, converting to the modified accrual and accrual basis of accounting, and recording all long-term assets, long-term liabilities, and net position classifications based on information from the District's accounting records. In addition, we assisted with the capital asset schedule maintenance and intend to help

prepare the Data Collection Form (DCF). We reviewed the nature of the requested work, our role and management's role and determined that our independence would not be impaired, in fact or appearance.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. There were, however, reclassification adjustments that were made in connection with converting to the modified accrual and accrual basis of accounting. These reclassification adjustments are also included in the attached schedule.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated August 28, 2024.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle in the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Restriction on Use**

This information is intended solely for the information and use of those charged with governance and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Marcum LLP*

Marcum LLP  
Boston, MA

Client: **296051 - Concord-Carlisle Regional School District**  
 Engagement: **10747337 - FS 2023 - CCRSD**  
 Period Ending: **6/30/2023**  
 Trial Balance: **Trial balance - GF**  
 Workpaper: **GF-AJE - General Fund Adjusting Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry</b>				
<b>Adjusting Journal Entry JE # 101</b>				
To record entry posted by client subsequent to import (client does not need to record).				
201.0000.000.000.0.4002.41120.2	School Aid Chp 70		216,047.00	
201.0000.000.000.0.4002.41125.2	Charter School Reimb		1,588.00	
201.0000.000.000.0.0000.02120.L	Interfund Due to / Due from			212,652.00
201.9110.260.370.9.5830.28351.1	School Choice Assessment			1,827.00
201.9120.260.370.9.5830.28352.1	Charter School Assessment			3,156.00
<b>Total</b>			<b>217,635.00</b>	<b>217,635.00</b>
<b>Adjusting Journal Entry JE # 102</b>				
To record entry posted by client subsequent to import (client does not need to record).				
201.0000.000.000.0.0000.02199.L	DIRECT DEPOSIT WITHHOLDING		1,081,714.00	
201.0000.000.000.0.0000.02120.L	Interfund Due to / Due from			1,081,714.00
<b>Total</b>			<b>1,081,714.00</b>	<b>1,081,714.00</b>
<b>Adjusting Journal Entry JE # 103</b>				
To record entry posted by client subsequent to import (client does not need to record).				
201.0000.000.000.0.0000.02120.L	Interfund Due to / Due from		1,081,714.00	
201.0000.000.000.0.0000.02199.L	DIRECT DEPOSIT WITHHOLDING			1,081,714.00
<b>Total</b>			<b>1,081,714.00</b>	<b>1,081,714.00</b>
<b>Adjusting Journal Entry JE # 104</b>				
To record entry posted by client subsequent to import (client does not need to record).				
201.0000.000.000.0.4001.41112.2	Miscellaneous Revenue		284.00	
201.0000.000.000.0.4001.41112.2	Miscellaneous Revenue		2,363.00	
201.0000.000.000.0.4002.41122.2	Transportation Chp 71		388,068.00	
201.2320.240.370.2.1200.22055.1	Special Ed Contracted Services-Instructional		258.00	
201.2451.250.370.1.1020.20253.1	Computer Hardware		913.00	
201.5200.260.370.9.5810.28151.1	Workers' Compensation		5,634.00	
201.5200.260.370.9.5810.28163.1	Retiree Medical Insurance		215.00	
201.5200.260.370.9.5810.28163.1	Retiree Medical Insurance		228.00	
201.5200.260.370.9.5810.28163.1	Retiree Medical Insurance		23,714.00	
201.5200.260.370.9.5810.28163.1	Retiree Medical Insurance		360.00	
201.0000.000.000.0.0000.02120.L	Interfund Due to / Due from			422,037.00
<b>Total</b>			<b>422,037.00</b>	<b>422,037.00</b>
<b>Total Adjusting Journal Entry</b>			<b>2,803,100.00</b>	<b>2,803,100.00</b>
<b>Total All Journal Entries</b>			<b>2,803,100.00</b>	<b>2,803,100.00</b>

Client: **296051 - Concord-Carlisle Regional School District**  
 Engagement: **10747337 - FS 2023 - CCRSD**  
 Period Ending: **6/30/2023**  
 Trial Balance: **Trial balance - GF**  
 Workpaper: **GF-RJE - General Fund Reclassifying Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>Reclassifying Journal Entry</b>				
<b>Reclassifying Journal Entry JE # 201</b>				
To record MTRS on-behalf payments in accordance with GASB 24				
MHCO 01	MTRS expenditure		4,204,980.00	
MHCO 02	MTRS revenue			4,204,980.00
<b>Total</b>			<b>4,204,980.00</b>	<b>4,204,980.00</b>
<b>Reclassifying Journal Entry JE # 202</b>				
To close out CY stabilization activity to committed fund balance and decrease unassigned fund balance.				
288.0000.000.000.0.0000.60000.E	UNRESERVED FUND BALANCE		199,855.00	
201.0000.000.000.0.0000.60000.E	UNRESERVED FUND BALANCE			199,855.00
<b>Total</b>			<b>199,855.00</b>	<b>199,855.00</b>
<b>Reclassifying Journal Entry JE # 203</b>				
To record transfer into CPF and reflect BAN paydown				
201.9100.260.370.2.5900.59600.1	Transfer Out		238,479.00	
201.8100.260.370.9.5800.28076.1	Multi Purpose BAN - Required Principal			238,479.00
<b>Total</b>			<b>238,479.00</b>	<b>238,479.00</b>
<b>Reclassifying Journal Entry JE # 204</b>				
To reclassify cap lease (direct borrowing) payments from capital outlay to debt service principal for financial reporting purposes.				
201.8100.260.370.9.5800.28078.1	H.S. '16 Building - Principal		291,470.00	
201.7600.260.370.1.4660.26659.1	Trans. Vehicle Replacement			170,291.00
202.7600.260.370.1.4660.26659.1	Trans. Vehicle Replacement			121,179.00
<b>Total</b>			<b>291,470.00</b>	<b>291,470.00</b>
<b>Reclassifying Journal Entry JE # 205</b>				
To reduce FBAL restricted for CY activity (use of premium for debt service).				
521.0000.000.000.0.0000.60000.E	UNRESERVED FUND BALANCE		101,193.00	
201.0000.000.000.0.0000.60000.E	UNRESERVED FUND BALANCE			101,193.00
<b>Total</b>			<b>101,193.00</b>	<b>101,193.00</b>
<b>Reclassifying Journal Entry JE # 206</b>				
To allocate expenditures of PY encumbrances recorded to generic 'prior year expense' account for financial reporting purposes.				
9999.5100	Administration		64.00	
9999.5200	Instruction		68.00	
9999.5400	Operations and maintenance		278.00	
9999.5700	Capital outlay		5,197.00	
202.0000.000.000.0.9500.95001.1	Prior Year Expense			5,607.00
9999.5300	Other school services			
9999.5500	Fixed charges			
<b>Total</b>			<b>5,607.00</b>	<b>5,607.00</b>
<b>Reclassifying Journal Entry JE # 207</b>				
To gross up financing purchase agreement proceeds.				
201.000.3000	Bus Expense		559,188.00	
201.000.4000	Lease Proceeds			559,188.00
<b>Total</b>			<b>559,188.00</b>	<b>559,188.00</b>
<b>Reclassifying Journal Entry JE # 208</b>				
To relass warrants payable out of cash				
201.0000.000.000.0.0000.02120.L	Interfund Due to / Due from		47,235.00	
201.0000.000.000.0.0000.02196.L	Warrants Payable			47,235.00
<b>Total</b>			<b>47,235.00</b>	<b>47,235.00</b>
<b>Total Reclassifying Journal Entry</b>			<b>5,648,007.00</b>	<b>5,648,007.00</b>

Total All Journal Entries

5,648,007.00

5,648,007.00

Client: **296051 - Concord-Carlisle Regional School District**  
 Engagement: **10747337 - FS 2023 - CCRSD**  
 Period Ending: **6/30/2023**  
 Trial Balance: **Trial balance - CPF**  
 Workpaper: **CPF-RJE - Capital Projects Fund Reclassifying Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>Reclassifying Journal Entry</b>				
<b>Reclassifying Journal Entry JE # 201</b>				
To record PY notes payable and reconcile BFB.				
		<b>PY WPS</b>		
230.0000.000.000.0.0000.60000.E	UNRESERVED FUND BALANCE		835,269.00	
500.0000.000.000.0.0000.60000.E	UNRESERVED FUND BALANCE		48,340.00	
230.0000.000.000.0.8011.02198.L	Anticipated Notes Payable			835,269.00
500.0000.000.000.0.0000.02198.L	Notes payable			48,340.00
<b>Total</b>			<b>883,609.00</b>	<b>883,609.00</b>
<b>Reclassifying Journal Entry JE # 202</b>				
To reclassify paydown of BAN's from GF to CPF.				
		<b>DEBT-070</b>		
230.0000.000.000.0.8011.02198.L	Anticipated Notes Payable		190,139.00	
500.0000.000.000.0.0000.02198.L	Notes payable		48,340.00	
230.0000.000.000.0.8011.49700.2	Transfer in			190,139.00
500.0000.000.000.0.0000.49700.2	Transfers in			48,340.00
<b>Total</b>			<b>238,479.00</b>	<b>238,479.00</b>
<b>Reclassifying Journal Entry JE # 203</b>				
To reclassify fund balances for GASB 54 classification purposes				
		<b>CPF-020</b>		
230.8005.3950	Unassigned Fund Balance (MH)		638,331.00	
230.0000.000.000.0.0000.60000.E	UNRESERVED FUND BALANCE			465,553.00
310.MH	Committed Fund Balance (MH)			172,778.00
<b>Total</b>			<b>638,331.00</b>	<b>638,331.00</b>
<b>Reclassifying Journal Entry JE # 204</b>				
To reclass warrants payable out of cash				
		<b>L-050</b>		
230.0000.000.000.0.0000.02120.L	Cash Balance		6,113.00	
230.0000.000.000.0.0000.02197.L	ACCOUNTS PAYABLE			6,113.00
<b>Total</b>			<b>6,113.00</b>	<b>6,113.00</b>
<b>Total Reclassifying Journal Entry</b>			<b>1,766,532.00</b>	<b>1,766,532.00</b>
<b>Total All Journal Entries</b>			<b>1,766,532.00</b>	<b>1,766,532.00</b>

Client: **296051 - Concord-Carlisle Regional School District**  
 Engagement: **10747337 - FS 2023 - CCRSD**  
 Period Ending: **6/30/2023**  
 Trial Balance: **Trial Balance - SGF**  
 Workpaper: **SGF-AJE - State Grants Fund Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 101</b>				
To record entry posted by client subsequent to import (client does not need to record).				
228.0000.000.000.0.7205.41150.2	Circuit Breaker Revenue		319,171.00	
228.0000.000.000.0.0000.02120.L	Interfund Due to / Due from			319,171.00
<b>Total</b>			<b>319,171.00</b>	<b>319,171.00</b>
	<b>Total Adjusting Journal Entries</b>		<b>319,171.00</b>	<b>319,171.00</b>
	<b>Total All Journal Entries</b>		<b>319,171.00</b>	<b>319,171.00</b>

Client: **296051 - Concord-Carlisle Regional School District**  
 Engagement: **10747337 - FS 2023 - CCRSD**  
 Period Ending: **6/30/2023**  
 Trial Balance: **Trial Balance - SGF**  
 Workpaper: **SGF-RJE - Special Grants Fund Reclassifying Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Reclassifying Journal Entries</b>				
<b>Reclassifying Journal Entries JE # 201</b>				
		SRF-020		
To reclass deficit balances to unassigned fund balance.				
228.0000.000.3500.999	Unassigned FB		8,295.00	
228.0000.000.000.0.0000.60000.E	UNRESERVED FUND BALANCE			8,295.00
<b>Total</b>			<b>8,295.00</b>	<b>8,295.00</b>
	<b>Total Reclassifying Journal Entries</b>		<b>8,295.00</b>	<b>8,295.00</b>
	<b>Total All Journal Entries</b>		<b>8,295.00</b>	<b>8,295.00</b>

Client: **296051 - Concord-Carlisle Regional School District**  
 Engagement: **10747337 - FS 2023 - CCRSD**  
 Period Ending: **6/30/2023**  
 Trial Balance: **Trial balance - SRF**  
 Workpaper: **SRF-AJE - Special Revenue Funds Adjusting Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry</b>				
<b>Adjusting Journal Entry JE # 101</b>				
To record entry posted by client subsequent to import (client does not need to record).				
222.0000.000.000.0.6000.41150.2	School Lunch, State Revenue		673.00	
222.0000.000.000.0.6000.41150.2	School Lunch, State Revenue		39,523.00	
222.0000.000.000.0.6000.41150.2	School Lunch, State Revenue		16,222.00	
223.0000.000.000.0.6210.41104.2	Non-Resident Tuitions		9,000.00	
223.3520.260.370.9.6169.61655.1	HSGF Health & Fitness		10.00	
223.3520.260.370.9.6183.61852.1	HSGF Foreign Language		75.00	
223.3520.260.370.9.6183.61852.1	HSGF Foreign Language		32.00	
222.0000.000.000.0.0000.02120.L	Due to / Due from			56,418.00
223.0000.000.000.0.0000.02120.L	Interfund Due to / Due from			9,117.00
<b>Total</b>			<b>65,535.00</b>	<b>65,535.00</b>
	<b>Total Adjusting Journal Entry</b>		<b>65,535.00</b>	<b>65,535.00</b>
	<b>Total All Journal Entries</b>		<b>65,535.00</b>	<b>65,535.00</b>

Client: **296051 - Concord-Carlisle Regional School District**  
 Engagement: **10747337 - FS 2023 - CCRSD**  
 Period Ending: **6/30/2023**  
 Trial Balance: **Trial balance - SRF**  
 Workpaper: **SRF-RJE - Special Revenue Funds Reclassifying Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Reclassifying Journal Entry JE # 201</b>		<b>SRF-020</b>		
To reclassify deficit fund balances from restricted to unassigned for GASB 54 purposes.				
9999.3950	F/B - Unassigned		61,456.00	
9999.3930	F/B - Restricted			61,456.00
<b>Total</b>			<b>61,456.00</b>	<b>61,456.00</b>
<b>Reclassifying Journal Entry JE # 202</b>		<b>L-050</b>		
To reclass warrants payable out of cash				
222.0000.000.0000.0.0000.02120.L	Due to / Due from		45,793.00	
223.0000.000.0000.0.0000.02120.L	Interfund Due to / Due from		3,143.00	
227.0000.000.0000.0.0000.02120.L	Interfund Due to / Due from		4,188.00	
222.0000.000.0000.0.0000.02196.L	Warrants Payable			45,793.00
223.0000.000.0000.0.0000.02196.L	Warrants Payable			3,143.00
227.0000.000.0000.0.0000.02197.L	ACCOUNTS PAYABLE			4,188.00
<b>Total</b>			<b>53,124.00</b>	<b>53,124.00</b>

Client: **296051 - Concord-Carlisle Regional School District**  
 Engagement: **10747337 - FS 2023 - CCRSD**  
 Period Ending: **6/30/2023**  
 Trial Balance: **Trial balance - CF**  
 Workpaper: **CF-AJE - CF Adjusting Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry</b>				
<b>Adjusting Journal Entry JE # 101</b>		<b>WTB-225</b>		
To record entry posted by client subsequent to import (client does not need to record).				
300.0000.808.370.0.0000.01010.1	Class Government, Expense, Misc		418.00	
300.0000.000.000.0.0000.02120.L	STUDENT ACTIVITIES CASH			418.00
<b>Total</b>			<b>418.00</b>	<b>418.00</b>
	<b>Total Adjusting Journal Entry</b>		<b>418.00</b>	<b>418.00</b>
	<b>Total All Journal Entries</b>		<b>418.00</b>	<b>418.00</b>

Client: **296051 - Concord-Carlisle Regional School District**  
 Engagement: **10747337 - FS 2023 - CCRSD**  
 Period Ending: **6/30/2023**  
 Trial Balance: **Trial balance - CF**  
 Workpaper: **CF-RJE - CF Reclassifying Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>Reclassifying Journal Entry</b>				
<b>Reclassifying Journal Entry JE # 201</b>		<b>CF-001</b>		
To record immaterial rounding adjustment and reconcile BNP with PY ENP.				
300.0000.943.370.0.0000.01010.E	Prom 2015		3.00	
300.0000.943.370.0.0000.01010.1	Prom 2015			3.00
<b>Total</b>			<b>3.00</b>	<b>3.00</b>
<b>Reclassifying Journal Entry JE # 202</b>				
<b>Reclassifying Journal Entry JE # 202</b>		<b>L-050</b>		
To reclass warrants payable out of cash				
300.0000.000.000.0.0000.02120.L	STUDENT ACTIVITIES CASH		3,000.00	
300.0000.000.000.0.0000.02196.L	Warrants Payable			3,000.00
<b>Total</b>			<b>3,000.00</b>	<b>3,000.00</b>
<b>Total Reclassifying Journal Entry</b>			<b>3,003.00</b>	<b>3,003.00</b>
<b>Total All Journal Entries</b>			<b>3,003.00</b>	<b>3,003.00</b>

Client: **296051 - Concord-Carlisle Regional School District**  
 Engagement: **10747337 - FS 2023 - CCRSD**  
 Period Ending: **6/30/2023**  
 Trial Balance: **Trial balance - OPEB**  
 Workpaper: **OPEB-RJE - OPEB Reclassifying Journal Entries**

Account	Description	W/P Ref	Debit	Credit
<b>Reclassifying Journal Entry JE # 201</b>		<b>DEBT-300</b>		
To record OPEB gross-up entry per GASB 74.				
MHCO-290.9999	OPEB expense		688,933.00	
290.0000.000.000.0.0000.99998.2	Appropriation From Other Fund			688,933.00
<b>Total</b>			<b>688,933.00</b>	<b>688,933.00</b>
<b>Reclassifying Journal Entry JE # 202</b>		<b>A</b>		
To reclass OPEB cash to investments				
290.02000	Investments		8,601,590.00	
290.0000.000.000.0.0000.02120.L	Cash Balance			8,601,590.00
<b>Total</b>			<b>8,601,590.00</b>	<b>8,601,590.00</b>

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**



# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the School Committee  
and Financial Audit Advisory Committee  
**Concord-Carlisle Regional School District**

### **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 Concord-Carlisle Regional School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 procedure 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 District'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 District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules, be presented to supplement the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally

accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2024 on our consideration of the District'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 District's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Marcum LLP*

Boston, MA  
August 28, 2024

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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As management of the Concord-Carlisle Regional School District (the District), we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

### **Overview of the Financial Statements**

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

#### ***Government-Wide Financial Statements***

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

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

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

#### ***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 District'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 District's near-term financing requirements.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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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 District'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 District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs.

### *Notes to Financial Statements*

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

### *Required Supplementary Information (Other Than MD&A)*

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**

- As of the close of the current fiscal year, net position in governmental activities was \$35,309,219, a change of \$1,773,493, as further discussed in the Government-Wide financial analysis.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$5,798,270, a change of \$768,891 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,099,255, a change of \$195,983 in comparison to the prior year.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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### Government-Wide Financial Analysis

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

#### Net Position Summary

	Governmental Activities	
	2023	2022
<b>Assets</b>		
Current and other assets	\$ 8,609,500	\$ 9,080,777
Capital assets, net	85,604,901	88,315,456
<b>Total Assets</b>	<u>94,214,401</u>	<u>97,396,233</u>
<b>Deferred Outflows of Resources</b>	<u>2,558,070</u>	<u>1,415,436</u>
<b>Liabilities</b>		
Long-term liabilities	54,022,438	56,127,255
Other liabilities	3,040,077	3,664,888
<b>Total Liabilities</b>	<u>57,062,515</u>	<u>59,792,143</u>
<b>Deferred Inflows of Resources</b>	<u>4,400,737</u>	<u>5,483,800</u>
<b>Net Position</b>		
Net investment in capital assets	42,879,068	42,849,917
Restricted	2,940,438	3,453,976
Unrestricted	<u>(10,510,287)</u>	<u>(12,768,167)</u>
<b>Total Net Position</b>	<u>\$ 35,309,219</u>	<u>\$ 33,535,726</u>

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At the close of the most recent fiscal year, total net position was \$35,309,219, a change of \$1,773,493 in comparison to the prior year.

The largest portion of net position, \$42,879,068, reflects our investment in capital assets (e.g., land, construction in process, buildings and improvements, machinery, equipment, and furnishings); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to the District; 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.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Other portions of net position include, \$2,940,438, which 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 \$(10,510,287) primarily resulting from the District's unfunded pension and OPEB liabilities.

The following is a summary of condensed government-wide statement of changes in net position financial data for the current and prior fiscal years:

	Governmental Activities	
	2023	2022
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,697,795	\$ 1,505,547
Operating grants and contributions	7,983,806	6,753,742
General revenues:		
Assessments to member Towns	32,246,940	31,527,133
Grants and contributions not restricted to specific programs	3,234,994	2,887,563
Investment income	347,327	25,728
Other	166,076	142,422
<b>Total Revenues</b>	<u>45,676,938</u>	<u>42,842,135</u>
<b>Expenses</b>		
Administration	1,632,029	1,602,445
Instruction	23,592,609	22,441,930
Other school services	4,937,095	4,671,555
Operations and maintenance	2,179,454	2,094,299
Fixed charges	7,272,458	5,841,427
Interest	1,174,510	1,310,710
Programs with other districts	3,115,290	3,026,534
<b>Total Expenses</b>	<u>43,903,445</u>	<u>40,988,900</u>
<b>Change in Net Position</b>	1,773,493	1,853,235
<b>Net Position - Beginning of Year</b>	<u>33,535,726</u>	<u>31,682,491</u>
<b>Net Position - End of Year</b>	<u>\$ 35,309,219</u>	<u>\$ 33,535,726</u>

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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### *Governmental Activities*

Governmental activities for the year resulted in a change in net position of \$1,773,493. Key elements of this change are as follows:

Change in OPEB expense from GASB 75	\$ 1,135,662
Bond premium amortization	223,945
Other	413,886
	<u>\$ 1,773,493</u>

### **Financial Analysis of the District's 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 District's net resources available for spending at the end of the fiscal year.

### *General Fund*

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,099,255, while total fund balance was \$4,092,320. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures, as illustrated in the table below:

General Fund	6/30/23	6/30/22	Change	% of Total General Fund Expenditures *
Unassigned fund balance	\$ 2,099,255	\$ 1,903,272	\$ 195,983	5.73%
Total fund balance	4,092,320	3,889,733	202,587	11.16%

\* Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$4,204,980.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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The total fund balance of the General Fund changed by \$202,587 during the current fiscal year. Key factors in this change are as follows:

Use of fund balance (E&D) as a funding source	\$	(300,000)
Use of restricted fund balance as a funding source		(101,193)
Revenues in excess of budget		495,551
Expenditures less than budget		155,828
Other		<u>(47,599)</u>
	\$	<u>202,587</u>

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

	6/30/23	6/30/22	Change	Fund Balance Classification
CCHS stabilization	\$ 8,886	\$ 208,778	\$ (199,892)	Committed
Technology stabilization	<u>2,148</u>	<u>2,111</u>	<u>37</u>	Committed
	<u>\$ 11,034</u>	<u>\$ 210,889</u>	<u>\$ (199,855)</u>	

### *State Grants Fund*

At the close of the current fiscal year, the state grants fund balance was \$1,148,539, a change of \$243,537 from the previous year. This change is attributable to timing differences between the receipt and disbursement of grant funds.

### *Capital Projects Fund*

At the close of the current fiscal year, the capital projects fund balance was \$(465,553), a change of \$410,589 from the previous year. This change is attributable to funding from the General Fund related to the paydown of bond anticipation notes outstanding.

### *Nonmajor Governmental Funds*

At the close of the current fiscal year, the nonmajor governmental funds balance was \$1,022,964, a change of \$(87,822).

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget in fiscal year 2023 is attributable the use of prior year carryforwards for current year expenditures of \$675,194.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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The General Fund budgetary operations for fiscal year 2023 resulted in a surplus of revenues and other financing sources over expenditures and other financing uses of \$351,379. The District generated total revenues exceeding those budgeted and less expenditures than budgeted during fiscal year 2023 by \$495,551 and \$155,828, respectively. While the District saw favorable revenue and expenditure budgetary results, when looked at independently, the overall change in the General Fund is softened by the planned (budgeted) use of unassigned fund balance of \$300,000.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

Total investment in capital assets for governmental activities at year-end amounted to \$85,604,901 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery, equipment, and furnishings.

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

#### ***Long-Term Debt***

At the end of the current fiscal year, total bonded debt outstanding (including unamortized bond premiums) was \$42,087,502 all of which was backed by the full faith and credit of the District.

The District's Aa1 credit rating from Moody's continues to reflect the strength of the District's local economy, manageable leverage, low fixed costs, and stable enrollment trends.

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 District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance and Operations  
Concord-Carlisle Regional School District  
120 Meriam Road  
Concord, Massachusetts 01742

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2023

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	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets:	
Cash and short-term investments	\$ 7,650,020
Receivables:	
Departmental and other	36,369
Intergovernmental	857,931
Other	<u>65,180</u>
<b>Total Current Assets</b>	<u>8,609,500</u>
Noncurrent Assets:	
Capital assets, depreciable, net	84,271,311
Capital assets, non-depreciable	<u>1,333,590</u>
<b>Total Noncurrent Assets</b>	<u>85,604,901</u>
<b>Total Assets</b>	<u>94,214,401</u>
<b>Deferred Outflows of Resources</b>	
Related to pension	2,511,951
Related to OPEB	<u>46,119</u>
<b>Total Deferred Outflows of Resources</b>	<u>2,558,070</u>

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

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2023

	<u>Governmental Activities</u>
<b>Liabilities</b>	
Current Liabilities:	
Warrants payable	112,667
Accrued payroll and withholdings	2,035,515
Accrued liabilities	228,847
Notes payable	645,130
Other current liabilities	17,918
Current portion of long-term liabilities	
Bonds and loans payable	3,007,454
Compensated absences	47,411
<b>Total Current Liabilities</b>	<u>6,094,942</u>
Noncurrent Liabilities:	
Bonds and loans payable, net of current portion	39,080,048
Compensated absences, net of current portion	426,699
Net pension liability	3,511,773
Net OPEB liability	7,949,053
<b>Total Noncurrent Liabilities</b>	<u>50,967,573</u>
<b>Total Liabilities</b>	<u>57,062,515</u>
<b>Deferred Inflows of Resources</b>	
Related to pension	776,602
Related to OPEB	3,624,135
<b>Total Deferred Inflows of Resources</b>	<u>4,400,737</u>
<b>Net Position</b>	
Net investment in capital assets	42,879,068
Restricted for grants and other statutory restrictions	2,940,438
Unrestricted	<u>(10,510,287)</u>
<b>Total Net Position</b>	<u>\$ 35,309,219</u>

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



# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	State Grants Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and short-term investments	\$ 5,716,726	\$ 846,266	\$ 185,690	\$ 901,338	\$ 7,650,020
Receivables:					
Departmental and other	36,369			-	36,369
Intergovernmental	388,068	319,171	--	150,692	857,931
Other	--	--	--	65,180	65,180
<b>Total Assets</b>	<b>\$ 6,141,163</b>	<b>\$ 1,165,437</b>	<b>\$ 185,690</b>	<b>\$ 1,117,210</b>	<b>\$ 8,609,500</b>
<b>Liabilities</b>					
Warrants payable	\$ 53,430	\$ --	\$ 6,113	\$ 53,124	\$ 112,667
Accrued liabilities	1,977,495	16,898	--	41,122	2,035,515
Notes payable	--	--	645,130	--	645,130
Other	17,918	--	--	--	17,918
<b>Total Liabilities</b>	<b>2,048,843</b>	<b>16,898</b>	<b>651,243</b>	<b>94,246</b>	<b>2,811,230</b>
<b>Fund Balances</b>					
Restricted	699,184	1,156,834	--	1,084,420	2,940,438
Committed	11,034	--	172,778	--	183,812
Assigned	1,282,847	--	--	--	1,282,847
Unassigned	2,099,255	(8,295)	(638,331)	(61,456)	1,391,173
<b>Total Fund Balances</b>	<b>4,092,320</b>	<b>1,148,539</b>	<b>(465,553)</b>	<b>1,022,964</b>	<b>5,798,270</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,141,163</b>	<b>\$ 1,165,437</b>	<b>\$ 185,690</b>	<b>\$ 1,117,210</b>	<b>\$ 8,609,500</b>

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

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**IN THE STATEMENT OF NET POSITION**

**JUNE 30, 2023**

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<b><i>Total Governmental Fund Balances</i></b>	<b>\$ 5,798,270</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	85,604,901
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	2,511,951
Deferred outflows of resources related to OPEB to be recognized in pension expense in future periods.	46,119
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	
Bonds and loans payable	(42,087,502)
Compensated absences liability	(474,110)
Net pension liability	(3,511,773)
Net OPEB liability	(7,949,053)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(776,602)
Deferred inflows of resources related to pension to be recognized in OPEB expense in future periods.	(3,624,135)
In the Statement of Net Position, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(228,847)
<b><i>Net Position of Governmental Activities</i></b>	<b><u>\$ 35,309,219</u></b>

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

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	State Grants Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Assessments to member towns	\$ 32,246,940	\$ --	\$ --	\$ --	\$ 32,246,940
Charges for services	--	--	--	1,697,795	1,697,795
Intergovernmental	8,220,539	1,791,630	--	1,156,786	11,168,955
Investment income	342,069	--	--	5,258	347,327
Other	132,309	--	--	33,767	166,076
<b>Total Revenues</b>	<u>40,941,857</u>	<u>1,791,630</u>	<u>--</u>	<u>2,893,606</u>	<u>45,627,093</u>
<b>Expenditures</b>					
Administration	1,554,578	--	--	2,596	1,557,174
Instruction	19,062,993	277,638	--	1,058,078	20,398,709
Other school services	3,523,507	230,939	--	1,369,084	5,123,530
Operations and maintenance	2,160,993	--	--	--	2,160,993
Fixed charges	8,247,746	--	--	55,758	8,303,504
Programs with other districts	1,581,975	1,039,516	--	493,799	3,115,290
Capital outlay	470,809	--	27,890	2,113	500,812
Debt service					
Principal	2,836,470	--	--	--	2,836,470
Interest	1,420,908	--	--	--	1,420,908
<b>Total Expenditures</b>	<u>40,859,979</u>	<u>1,548,093</u>	<u>27,890</u>	<u>2,981,428</u>	<u>45,417,390</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>81,878</u>	<u>243,537</u>	<u>(27,890)</u>	<u>(87,822)</u>	<u>209,703</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of loans	559,188	--	--	--	559,188
Transfers in	--	--	438,479	--	438,479
Transfers out	(438,479)	--	--	--	(438,479)
<b>Total Other Financing Sources (Uses)</b>	<u>120,709</u>	<u>--</u>	<u>438,479</u>	<u>--</u>	<u>559,188</u>
<b>Change in Fund Balances</b>	<u>202,587</u>	<u>243,537</u>	<u>410,589</u>	<u>(87,822)</u>	<u>768,891</u>
<b>Fund Balance at Beginning of Year</b>	<u>3,889,733</u>	<u>905,002</u>	<u>(876,142)</u>	<u>1,110,786</u>	<u>5,029,379</u>
<b>Fund Balance at End of Year</b>	<u>\$ 4,092,320</u>	<u>\$ 1,148,539</u>	<u>\$ (465,553)</u>	<u>\$ 1,022,964</u>	<u>\$ 5,798,270</u>

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

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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*Net Changes in Fund Balances - Total Governmental Funds* \$ 768,891

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

Capital outlay	1,031,344
Depreciation	(3,741,899)

The issuance of long-term debt (e.g., bonds and loans) 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:

Issuance of loans	(559,188)
Repayments of general obligation bonds and loans	2,836,470

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. This amount reflects the change in accrued interest. 22,453

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:

Current year amortization of bond premiums	223,945
Change in compensated absences liability	81,930
Change in net pension liability and related deferred amounts	(26,115)
Change in net OPEB liability and related deferred amounts	<u>1,135,662</u>

*Change in Net Position of Governmental Activities* \$ 1,773,493

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

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

**JUNE 30, 2023**

	Private Purpose Trust Fund	OPEB Trust Fund	Custodial Fund
<b>Assets</b>			
Cash and short-term investments	\$ 90,273	\$ --	\$ 272,421
Investments			
Target-risk funds	--	8,601,590	--
<b>Total Assets</b>	<u>90,273</u>	<u>8,601,590</u>	<u>272,421</u>
<b>Liabilities</b>			
Warrants payable	--	--	3,000
<b>Total Liabilities</b>	<u>--</u>	<u>--</u>	<u>3,000</u>
<b>Net Position</b>			
Restricted for scholarships	90,273	--	--
Restricted for OPEB	--	8,601,590	--
Restricted for student activities	--	--	269,421
<b>Total Net Position</b>	<u>\$ 90,273</u>	<u>\$ 8,601,590</u>	<u>\$ 269,421</u>

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

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	Private Purpose Trust Fund	OPEB Trust Fund	Custodial Fund
<b>Additions</b>			
Contributions	\$ 4,051	\$ 1,238,933	\$ --
Fees collected for students	--	--	304,691
Investment income	2,978	919,421	--
<b>Total Additions</b>	<u>7,029</u>	<u>2,158,354</u>	<u>304,691</u>
<b>Deductions</b>			
Scholarship payments	11,250	--	--
Benefit payments	--	688,933	--
Payments on behalf of students	--	--	261,732
<b>Total Deductions</b>	<u>11,250</u>	<u>688,933</u>	<u>261,732</u>
<b>Change in Net Position</b>	<u>(4,221)</u>	<u>1,469,421</u>	<u>42,959</u>
<b>Net Position Restricted for OPEB and Other Purposes</b>			
Beginning of Year	<u>94,494</u>	<u>7,132,169</u>	<u>226,462</u>
End of Year	<u>\$ 90,273</u>	<u>\$ 8,601,590</u>	<u>\$ 269,421</u>

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

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Concord-Carlisle Regional School District (the District) conform to generally accepted accounting principles (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 more significant policies of the District:

#### *REPORTING ENTITY*

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

#### *GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS*

##### *Government-Wide Financial Statements*

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to the community 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. Member town assessments 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.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### 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. 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include member town assessments.

##### *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. Revenues from grants, entitlements, and donations are recognized when all eligibility requirements have been satisfied and they are measurable and available. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, pension, and OPEB are recorded only when payment is due.

The District reports the following major governmental funds:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The State Grants Fund is used to account for the District's state grant funds. It accounts for all funds received and expended from state grants.
- The Capital Projects Fund is used to account for the District's ongoing capital projects. Specifically, in fiscal year 2023 the District had three ongoing projects: the landfill remediation project, the high school building project, and the access road reconstruction project.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### *Fund Financial Statements (Continued)*

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 District reports the following fiduciary funds:

- The Private-Purpose Trust Fund is used to account for scholarship arrangements, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.
- The Other Post-Employment Benefits (OPEB) Trust Fund is used to accumulate resources for health and life insurance benefits for retired employees.
- The Custodial Fund accounts for Student Activity Funds held by the District in a custodial capacity as an agent on behalf of students and are not required to be reported elsewhere on 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 and savings 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".

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.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *CASH AND INVESTMENTS (CONTINUED)*

The District 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*, and investments are valued at amortized cost, which approximates the net asset value (NAV) at \$1 per share.

The District's OPEB Trust Fund investments consist of target-risk funds which are carried at fair value.

#### *CAPITAL ASSETS*

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of four 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. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

#### *COMPENSATED ABSENCES*

It is the District's policy to permit certain 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 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.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes funds set aside in the General Fund for future debt service and various special revenue funds.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District’s highest decision-making authority (School Committee vote). This fund balance classification includes funds set aside in the District’s special purpose stabilization accounts\* and the District’s funds in the capital projects fund. A similar action is needed to modify or rescind a commitment.
- *Assigned* represents amounts that are constrained by the District’s intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various District functions for the expenditure of current year budgetary financial resources in the subsequent budgetary period and surplus set aside to be used in the subsequent year’s budget voted by the School Committee.
- *Unassigned* represents amounts that are available to spend in future periods and deficit balances in other governmental funds.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *FUND EQUITY (CONTINUED)*

##### *Fund Balance (Continued)*

*\*Massachusetts General Law Ch. 40B Section 5 allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires two-thirds vote of the legislative body and must clearly define the purpose of the fund. Generally, any change to the purpose of the fund, along with any additions to or appropriations from the fund, requires a two-thirds vote of the legislative body.*

##### *Net Position*

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. 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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

#### *USE OF ESTIMATES*

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

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### *BUDGETARY INFORMATION*

Annually, the School Committee determines the amount to be raised (after deducting the amount of anticipated revenue the District expects to receive) to maintain and operate the District during the next fiscal year. The District then calculates the assessments to each town based on its approved budget and seeks an appropriation in the amount of that assessment from each town's annual town meeting. After assessments are appropriated by each town that are consistent with the School Committee's budget (either its initial budget or a budget revised to be consistent with the town's appropriations), the District Treasurer certifies the assessments to the treasurer of each town.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

#### *ASSESSMENTS OF MEMBER TOWNS*

Most capital and operating costs of the District in excess of each Town's net minimum contribution are apportioned to the member Towns on the basis of their respective pupil enrollments in the District on October 1 of the preceding year. Certain costs, such as transportation and debt service, are outside of the net school spending requirements established by the Commonwealth of Massachusetts. These costs are apportioned to the member Towns based on either a percentage or on a member-specific basis. For the year ended June 30, 2023, the assessments were calculated as follows:

	Within the Levy Limit	Excluded Debt Service	Total Assessment
Town of Concord	\$ 21,782,979	\$ 3,179,377	\$ 24,962,356
Town of Carlisle	<u>6,356,769</u>	<u>927,815</u>	<u>7,284,584</u>
	<u>\$ 28,139,748</u>	<u>\$ 4,107,192</u>	<u>\$ 32,246,940</u>

#### *DEFICIT FUND EQUITY*

Certain individual funds reflected deficit balances as of June 30, 2023. It is anticipated that the deficits in these funds will be eliminated through future departmental or intergovernmental revenues, bond proceeds, and transfers from other funds.

### NOTE 3 - DEPOSITS

#### *CUSTODIAL CREDIT RISK*

Custodial credit risk is the risk that in the event of a bank failure, the District may not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Massachusetts General Laws (MGL), Chapter 44, Section 55, limits the District's deposits "in a bank or trust company or banking company to an amount not exceeding 60% of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The District does not have formal policies related to custodial credit risk of deposits.

At June 30, 2023, \$6,776 of the District's bank balances of \$9,694,541 were exposed to custodial credit risk as uninsured and uncollateralized and \$1,533,674 were uninsured and collateralized with securities held by the financial institutions trust department or agent.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 4 - INVESTMENTS – OPEB TRUST FUND

#### *OPEB TRUST FUND*

The following is a summary of the District’s OPEB trust fund investments as of June 30, 2023:

<u>Investment Type</u>	<u>Amount</u>
Target-risk funds	\$ 8,601,590

#### *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 District will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District does not have formal investment policies related to custodial credit risk.

As of June 30, 2023, the OPEB Trust Fund’s total investments of \$8,601,590 were subject to custodial credit risk exposure as the related securities were uninsured, unregistered, and/or held by the OPEB Trust Fund’s brokerage firm, which is also the counterparty to these securities.

#### *CREDIT RISK*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Laws, Chapter 44, Section 55, limits the District’s investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSRO). The District does not have formal investment policies related to credit risk.

As of June 30, 2023, the District’s investments of \$8,601,590 in target-risk funds were unrated by Nationally Recognized Statistical Rating Organizations.

#### *CONCENTRATION OF CREDIT RISK*

Concentration of credit risk is the risk of loss attributable to the magnitude of the District’s investment in a single issuer. The District places no limit on the amount that it may invest in any one issuer. The District does not have formal investment policies related to concentration of credit risk exposure.

As of June 30, 2023, the District did not have investments exposed to concentration of credit risk as the District’s investments consist of those in target-risk funds.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 4 - INVESTMENTS – OPEB TRUST FUND (CONTINUED)

#### *INTEREST RATE RISK*

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 District 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.

As of June 30, 2023, the District's investments of \$8,601,590 in target-risk funds were exposed to interest rate risk and mature within one year.

#### *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 District does not have formal investment policies related to foreign currency risk. However, the District did not have any investments exposed to foreign currency risk as of June 30, 2023. All investments held at year end are denominated in U.S. dollars.

#### *FAIR VALUE*

The District 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.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 4 - INVESTMENTS – OPEB TRUST FUND (CONTINUED)

#### *FAIR VALUE (CONTINUED)*

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's OPEB Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of June 30, 2023, the District's investments of \$8,601,590 in target-risk funds had a fair value measurement classification of Level 2, significant observable inputs.

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.

### NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

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

### NOTE 6 – INTERFUND ACCOUNTS

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

	Transfers In	Transfers Out
General fund	\$ --	\$ (438,479) (1)
Capital projects fund	<u>438,479</u>	<u>-- (1)</u>
	<u>\$ 438,479</u>	<u>\$ (438,479)</u>

(1) For bond anticipation note (BAN) paydown related to landfill and school projects.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

#### NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Being Depreciated:				
Buildings and improvements	\$ 108,790,349	\$ --	\$ --	\$ 108,790,349
Machinery, equipment, and furnishings	9,981,871	1,003,454	--	10,985,325
Total Capital Assets, Being Depreciated	<u>118,772,220</u>	<u>1,003,454</u>	<u>--</u>	<u>119,775,674</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(24,333,203)	(2,855,704)	--	(27,188,907)
Machinery, equipment, and furnishings	(7,429,261)	(886,195)	--	(8,315,456)
Total Accumulated Depreciation	<u>(31,762,464)</u>	<u>(3,741,899)</u>	<u>--</u>	<u>(35,504,363)</u>
Total Capital Assets, Being Depreciated, Net	<u>87,009,756</u>	<u>(2,738,445)</u>	<u>--</u>	<u>84,271,311</u>
Capital Assets, Not Being Depreciated:				
Land	1,305,700	--	--	1,305,700
Construction in progress	--	27,890	--	27,890
Total Capital Assets, Not Being Depreciated	<u>1,305,700</u>	<u>27,890</u>	<u>--</u>	<u>1,333,590</u>
Governmental Activities Capital Assets, Net	<u>\$ 88,315,456</u>	<u>\$ (2,710,555)</u>	<u>\$ --</u>	<u>\$ 85,604,901</u>

Depreciation expense was charged to functions of the District as follows:

#### Governmental Activities:

Administration	\$ 122,778
Instruction	3,229,447
Other school services	371,213
Operations and maintenance	<u>18,461</u>
	<u>\$ 3,741,899</u>

#### NOTE 8 - DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net assets by the District that apply 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 Statement No. 68 and GASB Statement No. 75, are more fully discussed in the corresponding pension and OPEB notes.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2023**

### NOTE 9 - NOTES PAYABLE

The following summarizes activity in notes payable during fiscal year 2023:

Purpose	Interest Rate(s) %	Date of Issue	Date of Maturity	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
Landfill remediation	0.52	12/17/21	12/16/22	\$ 835,269	\$ --	\$ (835,269)	\$ --
School construction	0.52	12/17/21	12/16/22	48,340	--	(48,340)	--
Landfill remediation	4.49	12/16/22	12/15/23	--	645,130	--	645,130
				<u>\$ 883,609</u>	<u>\$ 645,130</u>	<u>\$ (883,609)</u>	<u>\$ 645,130</u>

### NOTE 10 - LONG-TERM DEBT

#### *GENERAL OBLIGATION BONDS AND LOANS*

The District issues general obligation bonds and loans to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and loans outstanding were as follows at June 30, 2023:

Governmental Activities	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/23
<b>General Obligation Bonds</b>				
General Obligation School Bonds	03/15/15	03/15/38	3.00 - 5.00	\$ 19,500,000
General Obligation School Bonds	03/01/16	03/01/38	2.00 - 3.00	1,695,000
General Obligation School Refunding Bonds	06/01/21	06/15/38	2.00 - 5.00	<u>16,905,000</u>
Total General Obligation Bonds				<u>38,100,000</u>
<b>Loans (Direct Borrowings):</b>				
School buses	02/17/10	02/17/24	2.52	81,768
School buses	05/20/21	05/20/25	1.48	108,542
School buses	06/23/23	06/23/27	4.18	<u>438,009</u>
Total Loans (Direct Borrowings)				<u>628,319</u>
				<u>\$ 38,728,319</u>

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2023**

### NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)

#### *FUTURE DEBT SERVICE*

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

Fiscal Year	Bonds - Public Offerings		Loans - Direct Borrowings	
	Principal	Interest	Principal	Interest
2024	\$ 2,545,000	\$ 1,291,375	\$ 238,509	\$ 22,012
2025	2,545,000	1,166,425	161,843	14,824
2026	2,545,000	1,042,625	111,650	9,529
2027	2,545,000	944,825	116,317	4,862
2028	2,545,000	847,025	--	--
2029	2,545,000	749,225	--	--
2030	2,540,000	651,137	--	--
2031	2,540,000	564,551	--	--
2032	2,540,000	488,925	--	--
2033	2,535,000	413,301	--	--
2034 - 2038	12,675,000	1,017,336	--	--
	<u>\$ 38,100,000</u>	<u>\$ 9,176,750</u>	<u>\$ 628,319</u>	<u>\$ 51,227</u>

#### *CHANGES IN LONG-TERM LIABILITIES*

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

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-term Portion
Bonds payable:						
Public offerings	\$ 40,645,000	\$ --	\$ (2,545,000)	\$ 38,100,000	\$ (2,545,000)	\$ 35,555,000
Loans - direct borrowings	360,601	559,188	(291,470)	628,319	(238,509)	389,810
Unamortized bond premiums	<u>3,583,128</u>	<u>--</u>	<u>(223,945)</u>	<u>3,359,183</u>	<u>(223,945)</u>	<u>3,135,238</u>
Subtotal	<u>44,588,729</u>	<u>559,188</u>	<u>(3,060,415)</u>	<u>42,087,502</u>	<u>(3,007,454)</u>	<u>39,080,048</u>
Compensated absences liability	556,040	55,604	(137,534)	474,110	(47,411)	426,699
Net pension liability	--	4,977,421	(1,465,648)	3,511,773	--	3,511,773
Net OPEB liability	<u>10,982,486</u>	<u>1,669,717</u>	<u>(4,703,150)</u>	<u>7,949,053</u>	<u>--</u>	<u>7,949,053</u>
	<u>\$ 56,127,255</u>	<u>\$ 7,261,930</u>	<u>\$ (9,366,747)</u>	<u>\$ 54,022,438</u>	<u>\$ (3,054,865)</u>	<u>\$ 50,967,573</u>

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)

#### *LONG-TERM LIABILITIES SUPPORTING GOVERNMENTAL ACTIVITIES*

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

### NOTE 11 - DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net assets by the District 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. 68 and 75, will be recognized as expense in future periods and are more fully described in the corresponding pension and OPEB notes.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

#### NOTE 12 - GOVERNMENTAL FUNDS – FUND BALANCES

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

	General Fund	State Grants	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Restricted</b>					
For debt service	\$ 699,184	\$ --	\$ --	\$ --	\$ 699,184
<b>Special revenue funds:</b>					
Circuit breaker	--	1,084,542	--	--	1,084,542
Athletics	--	--	--	265,016	265,016
School lunch	--	--	--	289,341	289,341
Adult education	--	--	--	135,207	135,207
Lecture and enrichment	--	--	--	145,095	145,095
Private grants	--	--	--	64,757	64,757
Gym floor insurance settlement	--	--	--	32,900	32,900
Other	--	72,292	--	152,104	224,396
<b>Total Restricted</b>	<u>699,184</u>	<u>1,156,834</u>	<u>--</u>	<u>1,084,420</u>	<u>2,940,438</u>
<b>Committed</b>					
For technology stabilization	2,148	--	--	--	2,148
For CCHS stabilization	8,886	--	--	--	8,886
For school bus replacement	--	--	172,778	--	172,778
<b>Total Committed</b>	<u>11,034</u>	<u>--</u>	<u>172,778</u>	<u>--</u>	<u>183,812</u>
<b>Assigned</b>					
<b>For encumbrances:</b>					
Administration	8,177	--	--	--	8,177
Instruction	78,132	--	--	--	78,132
Other school services	62,476	--	--	--	62,476
Operations and maintenance	113,575	--	--	--	113,575
Fixed charges	16,767	--	--	--	16,767
Capital outlay	569,833	--	--	--	569,833
Programs with other districts	133,887	--	--	--	133,887
For next year's expenditures	300,000	--	--	--	300,000
<b>Total Assigned</b>	<u>1,282,847</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,282,847</u>
<b>Unassigned</b>					
General Fund	2,099,255	--	--	--	2,099,255
Deficit balances	--	(8,295)	(638,331)	(61,456)	(708,082)
<b>Total Unassigned</b>	<u>2,099,255</u>	<u>(8,295)</u>	<u>(638,331)</u>	<u>(61,456)</u>	<u>1,391,173</u>
<b>Total Fund Balances</b>	<u>\$ 4,092,320</u>	<u>\$ 1,148,539</u>	<u>\$ (465,553)</u>	<u>\$ 1,022,964</u>	<u>\$ 5,798,270</u>

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 13 – RESTRICTED NET POSITION**

The District’s restricted net position at June 30, 2023 are comprised of the following:

Purpose	Governmental Activities
Debt service	\$ 699,184
Circuit breaker	1,084,542
Athletics	265,016
School lunch	289,341
Adult education	135,207
Lecture and enrichment	145,095
Other	322,053
	<u>\$ 2,940,438</u>

**NOTE 14 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM**

The District follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68), with respect to employees’ retirement funds.

***PLAN DESCRIPTION***

Substantially all employees of the District (except teachers and administrators under contract in the District) are members of the Concord Contributory 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’s 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, 2250 Main Street, Concord, Massachusetts 01742.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 14 - CONCORD CONTRIBUTORY 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	5.00%
January 1, 1975 - December 31, 1983	7.00%
January 1, 1984 - June 30, 1996	8.00%
Beginning July 1, 1996	9.00%

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.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 14 - CONCORD CONTRIBUTORY 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 District 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.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 14 - CONCORD CONTRIBUTORY 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 District’s contribution to the System for the year ended June 30, 2023 was \$748,832, which was equal to its annual required contribution.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 14 - CONCORD CONTRIBUTORY 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 the System's fiduciary net position have been determined on the same basis as they are reported by the 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, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION*

At June 30, 2023, the District reported a liability of \$3,511,773 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 and rolled forward to December 31, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportionate share of the net pension liability was 11.22%.

For the year ended June 30, 2023, the District recognized pension expense of \$774,947. In addition, the District 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	\$ 84,031	\$ (602,555)
Changes of assumptions	509,485	(1,030)
Net difference between projected and actual investment earnings on pension plan investments	1,918,435	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	--	(173,017)
	<u>\$ 2,511,951</u>	<u>\$ (776,602)</u>

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

#### NOTE 14 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

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

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

<u>Year Ended June 30:</u>	
2024	\$ 15,053
2025	274,730
2026	513,160
2027	<u>932,406</u>
	<u>\$ 1,735,349</u>

#### ***ACTUARIAL ASSUMPTIONS***

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation date	January 1, 2022
Actuarial cost method	Entry Age Normal
Remaining amortization period	6 years from January 1, 2022
Investment rate of return	6.50%
Projected salary increases:	
Groups 1 and 2	2.50% for 10 years
Fire	4.70% for 3 years
Police	5.20% in year one, 5.60% in year two, 7.30% in year three, 5.00% in year four, 4.80% in year five, and 2.00% in year 6
Inflation rate	2.60%
Post-retirement cost-of-living adjustment	3.00% of the first \$14,000
Mortality rates were based on the following:	
Pre-retirement and beneficiary mortality:	RP-2014 Healthy Employee table adjusted to 2006 and projected generationally using scale MP-2021, gender distinct
Retired members:	RP-2014 Healthy Annuitant table adjusted to 2006 and projected generationally using scale MP-2021, gender distinct
Disabled members:	RP-2014 Healthy Annuitant table adjusted to 2006 and projected generationally using scale MP-2021, gender distinct. For members retired under accidental disability, 40% of deaths are assumed to be from the same cause of the disability

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2023**

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### NOTE 14 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

#### *ACTUARIAL ASSUMPTIONS (CONTINUED)*

Actuarial valuations of the ongoing System involve estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

#### *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 inflation. The target allocation and best estimates of geometric 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
Global equity:	32-42%	
U.S. equity		4.39%
International equity		4.19%
Emerging equity		6.82%
Core fixed income:	12-18%	
Core bonds		2.05%
Short-term fixed income		1.17%
Treasury STRIPS		1.66%
TIPS/ILBs		1.46%
Value-added fixed income	5-11%	5.07%
Private equity	13-19%	7.41%
Real estate	7-13%	3.02%
Timberland	1-7%	4.29%
Portfolio completion (PCS)	7-13%	3.80%

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 14 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)**

***DISCOUNT RATE***

The discount rate used to measure the total pension liability was 6.50%. 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.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the District’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 (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
\$ 6,482,741	\$ 3,511,773	\$ 1,008,126

***PENSION PLAN FIDUCIARY NET POSITION***

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

**NOTE 15 – 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 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 non-employer 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.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 15 – 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) establish 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.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 15 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

#### *CONTRIBUTIONS*

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

Membership Date	% of Compensation
Before January 1, 1975	5% of regular compensation
January 1, 1975 - December 31, 1983	7% of regular compensation
January 1, 1984 - June 30, 1996	8% of regular compensation
Beginning July 1, 1996	9% of regular compensation
Beginning July 1, 2001	11% of regular compensation (for teachers who were hired after July 1, 2001 and accept the provisions of Chapter 114 of the Acts of 2000)
1979 - present	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, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. The valuation used the following assumptions:

- (a) 2.5% inflation rate; (b) 7.00% investment rate of return, (c) 3.50% interest rate credited to the annuity savings fund and (d) 3.00% cost of living increase on the first \$13,000 of allowance per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012 - 2020.
- Mortality rates were as follows:
  - Pre-retirement – reflects Pub-2010 Teachers Employees Mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 15 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

#### *ACTUARIAL ASSUMPTIONS (CONTINUED)*

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

#### *TARGET ALLOCATIONS*

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2022 are summarized in the following table:

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

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 15 - 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)%
\$ 32,734,080	\$ 25,888,138	\$ 20,094,302

#### *SPECIAL FUNDING SITUATION*

The Commonwealth of Massachusetts is a non-employer contributor and is required by statute to make all actuarially 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 Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), and the Commonwealth of Massachusetts is a non-employer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

#### *DISTRICT PROPORTIONS*

In fiscal year 2022 (the most recent measurement period), the District's proportionate share of the MTRS' collective net pension liability was \$51,724,265 based on a proportionate share of 0.199799%. As required by GASB 68, the District has recognized its portion of the Commonwealth of Massachusetts' contribution of \$4,204,980 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 \$4,254,825 as both a revenue and expense on the Statement of Activities.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirement 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 2014, the District 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.

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

#### **GENERAL INFORMATION ABOUT THE OPEB PLAN**

##### *Plan Description*

The District provides post-employment healthcare benefits for retired employees through the District's single employer, defined benefit, OPEB plan. The District provides health insurance coverage through a variety of commercially available plans. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

##### *Benefits Provided*

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

##### *Funding Policy*

The District'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.

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***GENERAL INFORMATION ABOUT THE OPEB PLAN (CONTINUED)***

*Plan Membership*

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

Retired, disabled, survivors and beneficiaries receiving benefits	91
Inactive members	2
Active plan members	215
	<hr/>
	308
	<hr/> <hr/>

***INVESTMENTS***

The OPEB Trust Fund's assets at June 30, 2023 consisted of investments in collective investment trust funds.

*Rate of Return*

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 12.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested throughout the fiscal year.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### *ACTUARIAL ASSUMPTIONS AND OTHER INPUTS*

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

Actuarial cost method	Entry age normal
Salary increases	4.00% ultimate rate, reduced to 3.50% while receiving the following steps:
Police	5.20% in year one, 5.60% in year two, 7.30% in year three, 5.00% in year four, and 4.80% in year five
Fire	4.70% for three years
All other employees	4.30% for seven years
Investment rate of return	6.75% (previously 6.50%)
Healthcare cost trend rates	9.00% for 2022, fluctuating to an ultimate rate of 5.00% as of 2040 and later years
Retirees' share of benefit-related costs	50.00%
Participation rate	65.00% for medical, 50.00% for life, assumed that 42.50% of pre-65 spouses and 55.00% of post-65 spouses will participate

Mortality rates were based on the following:

- Actives – Pub-2010 Headcount-weighted Mortality tables, gender distinct, for Employees using generational mortality and scale MP-2021; general (groups 1 and 2 and spouses), safety (group 4), and teachers.
- Retirees – Pub-2010 Headcount-weighted Mortality tables, gender distinct, for Healthy Retirees using generational mortality and scale MP-2021; general (groups 1 and 2 and spouses), safety (group 4), and teachers.
- Disabled – Pub-2010 Headcount-weighted Mortality tables, gender distinct, for Healthy Retirees using generational mortality and scale MP-2021; general (groups 1 and 2 and spouses), safety (group 4), and teachers, set forward two years.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### *TARGET ALLOCATIONS*

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

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic stock	59.00%	5.00%
Foreign stock	16.30%	5.60%
Domestic bond	14.40%	2.20%
Cash	0.20%	0.00%
Foreign bond	1.30%	2.40%
Other	3.70%	3.60%
Convertible	0.00%	4.00%

#### *CONTRIBUTIONS*

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

#### *DISCOUNT RATE*

The discount rate used to measure the net OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2023**

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### NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### *NET OPEB LIABILITY*

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

Total OPEB liability	\$ 16,550,643
Less: plan fiduciary net position	<u>(8,601,590)</u>
Net OPEB liability	<u>\$ 7,949,053</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.97%

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	\$ 18,114,655	\$ 7,132,169	\$ 10,982,486
Changes for the year:			
Service cost	483,244	--	483,244
Interest	1,186,473	--	1,186,473
Contributions - employer	--	1,238,933	(1,238,933)
Net investment income	--	919,421	(919,421)
Differences between expected and actual experience	(2,109,714)	--	(2,109,714)
Changes of assumptions	(435,082)	--	(435,082)
Benefit payments	<u>(688,933)</u>	<u>(688,933)</u>	<u>--</u>
Net Changes	<u>(1,564,012)</u>	<u>1,469,421</u>	<u>(3,033,433)</u>
Balances, End of Year	<u>\$ 16,550,643</u>	<u>\$ 8,601,590</u>	<u>\$ 7,949,053</u>

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ 10,030,906	\$ 7,949,053	\$ 6,225,136

***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
\$ 5,961,451	\$ 7,949,053	\$ 10,404,470

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

For the year ended June 30, 2023, the District recognized an OPEB expense of \$103,271. At June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ --	\$ (2,745,980)
Changes of assumptions	36,679	(878,155)
Net difference between projected and actual investment earnings on OPEB plan investments	9,440	--
	\$ 46,119	\$ (3,624,135)

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

<u>Year Ended June 30:</u>	
2024	\$ (1,109,684)
2025	(746,573)
2026	(461,710)
2027	(608,702)
2028	(378,690)
Thereafter	(272,657)
	\$ (3,578,016)

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 17 - COMMITMENTS AND CONTINGENCIES

#### *OUTSTANDING LEGAL ISSUES*

There are various pending legal issues in which the District is involved. The District's management is of the opinion that any potential future settlement of such claims 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 District expects such amounts, if any, to be immaterial.

#### *ENCUMBRANCES*

At year-end the District's General Fund had \$982,847 in encumbrances that will be honored in the next fiscal year.

### NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28, 2024, which is the date the financial statements were available to be issued.

#### *SHORT TERM ISSUANCE*

On December 15, 2023, the District issued a bond anticipation note for \$416,328 at an interest rate of 4.88%. This bond anticipation note matures on October 2, 2024.

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING**  
**SOURCES (USES) – BUDGET AND ACTUAL – GENERAL FUND**  
*(Unaudited)*

**FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Assessments to member towns	\$ 32,246,940	\$ 32,246,940	\$ 32,246,940	\$ --
Intergovernmental	3,924,241	3,924,241	4,015,559	91,318
Investment income	20,000	20,000	341,924	321,924
Miscellaneous	50,000	50,000	132,309	82,309
<b>Total Revenues</b>	<u>36,241,181</u>	<u>36,241,181</u>	<u>36,736,732</u>	<u>495,551</u>
<b>Expenditures</b>				
Administration	1,665,792	1,568,746	1,560,439	8,307
Instruction	19,623,072	19,138,101	19,112,383	25,718
Other school services	2,813,249	3,028,560	3,016,884	11,676
Operations and maintenance	2,025,783	2,274,359	2,237,641	36,718
Fixed charges	3,850,817	4,059,533	4,047,033	12,500
Programs with other districts	2,002,752	1,715,871	1,704,715	11,156
Capital outlay	452,524	1,328,013	1,278,260	49,753
Debt service	4,208,387	4,204,387	4,204,387	--
<b>Total Expenditures</b>	<u>36,642,376</u>	<u>37,317,570</u>	<u>37,161,742</u>	<u>155,828</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(401,195)</u>	<u>(1,076,389)</u>	<u>(425,010)</u>	<u>651,379</u>
<b>Other Financing Sources (Uses)</b>				
Use of fund balance:				
For operating budget	300,000	300,000	--	(300,000)
For prior year carryforwards	--	675,194	675,194	--
Use of restricted fund balance for debt service	101,195	101,195	101,195	--
<b>Total Other Financing Sources (Uses)</b>	<u>401,195</u>	<u>1,076,389</u>	<u>776,389</u>	<u>(300,000)</u>
<b>Overall Budgetary Excess</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 351,379</u>	<u>\$ 351,379</u>

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

**CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

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***BUDGETARY BASIS***

The General Fund final appropriation appearing on the previous page represents the final amended budget after all 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, expenditures, and other financing sources (uses), to conform to the budgetary basis of accounting:

	Revenues	Expenditures	Other Financing Sources (Uses)
GAAP Basis	\$ 40,941,857	\$ 40,859,979	\$ 120,709
Add end-of-year appropriation carryforwards to expenditures	--	982,847	--
To reverse the effect of non-budgeted State contributions for teachers retirement	(4,204,980)	(4,204,980)	--
To reclassify capital project fund transfer out budgeted as debt service	--	(238,479)	238,479
To record use of restricted fund balance for debt service	--	--	101,193
To record use of prior year carryforwards as a funding source	--	--	675,194
To eliminate stabilization fund activity	(145)	--	(200,000)
Other	<u>          --</u>	<u>      (237,625)</u>	<u>      (159,186)</u>
Budgetary Basis	<u>\$ 36,736,732</u>	<u>\$ 37,161,742</u>	<u>\$ 776,389</u>

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

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

<b>Concord Contributory Retirement System</b>									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability/Asset	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability			
June 30, 2023	December 31, 2022	11.22%	\$ 3,511,773	\$ 4,654,257	75.45%	86.75%			
June 30, 2022	December 31, 2021	11.81%	(637,810)	4,682,933	(13.62)%	102.36%			
June 30, 2021	December 31, 2020	12.02%	1,384,961	4,262,548	32.49%	94.59%			
June 30, 2020	December 31, 2019	12.68%	3,089,100	4,451,154	69.40%	88.35%			
June 30, 2019	December 31, 2018	13.08%	4,776,915	4,427,332	107.90%	81.34%			
June 30, 2018	December 31, 2017	13.22%	2,285,601	4,398,922	51.96%	90.58%			
June 30, 2017	December 31, 2016	12.93%	4,166,963	4,122,255	101.08%	81.85%			
June 30, 2016	December 31, 2015	12.83%	4,096,936	3,960,361	103.45%	80.73%			
June 30, 2015	December 31, 2014	13.20%	2,385,894	2,511,488	95.00%	88.04%			
<b>Massachusetts Teachers' Retirement System</b>									
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 District	Total Net Pension Liability Associated with the District	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability	
June 30, 2023	June 30, 2022	0.199799%	\$ --	\$ 51,724,265	\$ 51,724,265	\$ 16,445,480	0.00%	57.75%	
June 30, 2022	June 30, 2021	0.199682%	--	45,341,518	45,341,518	15,487,312	0.00%	62.03%	
June 30, 2021	June 30, 2020	0.198592%	--	56,687,832	56,687,832	15,046,853	0.00%	50.67%	
June 30, 2020	June 30, 2019	0.197121%	--	49,702,166	49,702,166	14,344,787	0.00%	53.95%	
June 30, 2019	June 30, 2018	0.200919%	--	47,640,580	47,640,580	14,110,272	0.00%	54.84%	
June 30, 2018	June 30, 2017	0.195121%	--	44,654,226	44,654,226	13,249,629	0.00%	54.25%	
June 30, 2017	June 30, 2016	0.193059%	--	43,164,020	43,164,020	12,698,755	0.00%	52.73%	
June 30, 2016	June 30, 2015	0.190717%	--	39,077,248	39,077,248	12,089,337	0.00%	55.38%	
June 30, 2015	June 30, 2014	0.187412%	--	29,791,673	29,791,673	11,491,156	0.00%	61.64%	

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

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

*See independent auditors' report.*

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS

*(Unaudited)*

<b>Concord Contributory Retirement System</b>						
Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	December 31, 2022	\$ 748,832	\$ 748,832	--	\$ 4,793,885	15.62%
June 30, 2022	December 31, 2021	760,776	760,776	--	4,823,421	15.77%
June 30, 2021	December 31, 2020	774,303	774,303	--	4,390,424	17.64%
June 30, 2020	December 31, 2019	750,445	750,445	--	4,584,689	16.37%
June 30, 2019	December 31, 2018	741,362	741,362	--	4,560,152	16.26%
June 30, 2018	December 31, 2017	723,339	723,339	--	4,530,890	15.96%
June 30, 2017	December 31, 2016	666,849	666,849	--	4,245,923	15.71%
June 30, 2016	December 31, 2015	580,748	580,748	--	4,079,172	14.24%
June 30, 2015	December 31, 2014	533,364	533,364	--	2,586,833	20.62%
<b>Massachusetts Teachers' Retirement System</b>						
Fiscal Year	Measurement Date	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	June 30, 2022	\$ 4,204,980	\$ 4,204,980	\$ --	\$ 16,445,480	25.57%
June 30, 2022	June 30, 2021	3,491,404	3,491,404	--	15,487,312	22.54%
June 30, 2021	June 30, 2020	3,084,997	3,084,997	--	15,046,853	20.50%
June 30, 2020	June 30, 2019	2,845,858	2,845,858	--	14,344,787	19.84%
June 30, 2019	June 30, 2018	2,641,654	2,641,654	--	14,110,272	18.72%
June 30, 2018	June 30, 2017	2,410,750	2,410,750	--	13,249,629	18.19%
June 30, 2017	June 30, 2016	2,171,110	2,171,110	--	12,698,755	17.10%
June 30, 2016	June 30, 2015	1,948,995	1,948,995	--	12,089,337	16.12%
June 30, 2015	June 30, 2014	1,756,761	1,756,761	--	11,491,156	15.29%

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

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

*See independent auditors' report.*

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

*(Unaudited)*

	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>							
Service cost	\$ 483,244	\$ 466,904	\$ 557,981	\$ 478,637	\$ 526,347	\$ 516,326	\$ 496,467
Interest	1,186,473	1,123,439	1,129,959	1,135,226	1,232,627	1,103,738	1,043,270
Changes of benefit terms	--	--	82,727	--	--	--	--
Differences between expected and actual experience	(2,109,714)	--	(940,887)	--	(2,543,599)	244,113	--
Changes of assumptions	(435,082)	--	(945,589)	107,901	--	752,976	--
Benefit payments	(688,933)	(584,923)	(592,634)	(487,228)	(734,053)	(701,352)	(616,149)
<b>Net Change in Total OPEB Liability</b>	<u>(1,564,012)</u>	<u>1,005,420</u>	<u>(708,443)</u>	<u>1,234,536</u>	<u>(1,518,678)</u>	<u>1,915,801</u>	<u>923,588</u>
<b>Total OPEB Liability - Beginning</b>	<u>18,114,655</u>	<u>17,109,235</u>	<u>17,817,678</u>	<u>16,583,142</u>	<u>18,101,820</u>	<u>16,186,019</u>	<u>15,262,431</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>16,550,643</u>	<u>18,114,655</u>	<u>17,109,235</u>	<u>17,817,678</u>	<u>16,583,142</u>	<u>18,101,820</u>	<u>16,186,019</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	1,238,933	1,134,923	1,142,634	1,050,672	1,334,053	1,436,851	1,321,149
Net investment income (loss)	919,421	(987,063)	1,736,595	168,955	215,847	241,891	293,053
Benefit payments	(688,933)	(584,923)	(592,634)	(487,228)	(734,053)	(701,352)	(616,149)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,469,421</u>	<u>(437,063)</u>	<u>2,286,595</u>	<u>732,399</u>	<u>815,847</u>	<u>977,390</u>	<u>998,053</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>7,132,169</u>	<u>7,569,232</u>	<u>5,282,637</u>	<u>4,550,238</u>	<u>3,734,391</u>	<u>2,757,001</u>	<u>1,758,948</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>8,601,590</u>	<u>7,132,169</u>	<u>7,569,232</u>	<u>5,282,637</u>	<u>4,550,238</u>	<u>3,734,391</u>	<u>2,757,001</u>
<b>Net OPEB Liability - Ending (a-b)</b>	<u>\$ 7,949,053</u>	<u>\$ 10,982,486</u>	<u>\$ 9,540,003</u>	<u>\$ 12,535,041</u>	<u>\$ 12,032,904</u>	<u>\$ 14,367,429</u>	<u>\$ 13,429,018</u>

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

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

***See independent auditors' report.***

# CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF THE NET OPEB LIABILITY AND RELATED RATIOS, CONTRIBUTIONS, AND INVESTMENT RETURNS

*(Unaudited)*

	2023	2022	2021	2020	2019	2018	2017
<b>Schedule of the Net OPEB Liability and Related Ratios</b>							
Total OPEB liability	\$ 16,550,643	\$ 18,114,655	\$ 17,109,235	\$ 17,817,678	\$ 16,583,142	\$ 18,101,820	\$ 16,186,019
Plan fiduciary net position	<u>(8,601,590)</u>	<u>(7,132,169)</u>	<u>(7,569,232)</u>	<u>(5,282,637)</u>	<u>(4,550,238)</u>	<u>(3,734,391)</u>	<u>(2,757,001)</u>
<b>Net OPEB Liability</b>	<u>\$ 7,949,053</u>	<u>\$ 10,982,486</u>	<u>\$ 9,540,003</u>	<u>\$ 12,535,041</u>	<u>\$ 12,032,904</u>	<u>\$ 14,367,429</u>	<u>\$ 13,429,018</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.97%	39.37%	44.24%	29.65%	27.44%	20.63%	17.03%
<b>Covered Employee Payroll</b>	\$ 20,286,842	\$ 22,946,461	\$ 19,324,580	\$ 19,859,253	19,003,289	Not available	Not available
Net OPEB liability as a percentage of covered employee payroll	39.18%	47.86%	49.37%	63.12%	63.32%	Not available	Not available
<b>Schedule of Contributions</b>							
Actuarially determined contribution	\$ 1,236,000	\$ 1,442,000	\$ 1,395,000	\$ 1,349,000	\$ 1,446,000	\$ 1,410,000	\$ 1,435,812
Contributions in relation to the actuarially determined contribution	<u>(1,238,933)</u>	<u>(1,134,923)</u>	<u>(1,142,634)</u>	<u>(1,050,672)</u>	<u>(1,334,053)</u>	<u>(1,436,851)</u>	<u>(1,321,149)</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ (2,933)</u>	<u>\$ 307,077</u>	<u>\$ 252,366</u>	<u>\$ 298,328</u>	<u>\$ 111,947</u>	<u>\$ (26,851)</u>	<u>\$ 114,663</u>
<b>Covered Employee Payroll</b>	\$ 20,286,842	\$ 22,946,461	\$ 19,324,580	\$ 19,859,253	\$ 19,003,289	Not available	Not available
<b>Contributions as a Percentage of Covered Employee Payroll</b>	6.11%	4.95%	5.91%	5.29%	7.02%	Not available	Not available
<b>Schedule of Investment Returns</b>							
Annual money weighted rate of return, net of investment expense	12.77%	(12.84)%	31.72%	3.31%	5.04%	7.05%	12.36%

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

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

***See independent auditors' report.***



**Town of Concord**  
**Financial Audit Advisory Committee**  
AGENDA ACTION REQUEST  
**September 18, 2024**

**4B**

# CY23 Concord Municipal Light Plant Audit

Presentation of the CY23 CMLP Audit Results

**Requested by: FAAC Chair**

**Action Sought: Discussion**

## Proposed Motion(s)

Discussion dependent

## Additional Information

The audit firm of Marcum, LLP, (formerly Melanson) will present the results of the CY23 Concord Municipal Light Plant audit to the FAAC.

## Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>



**Town of Concord**  
**Financial Audit Advisory Committee**  
AGENDA ACTION REQUEST  
**September 18, 2024**



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## **FY23 Town Audit**

The committee will review the draft letter to the Select Board

**Requested by: FAAC Chair**

**Action Sought: Discussion**

**Proposed Motion(s)**

Discussion dependent

**Additional Information**

The audit firm of Marcum, LLP, (formerly Melanson) presented the FY23 Town Audit to the FAAC on August 15, 2024. The committee will review the “draft” letter to the Select Board.

**Board Action**

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>

**Financial Audit Advisory Committee  
Report to the Select Board  
September 2024**

The Financial Audit Advisory Committee (“FAAC”) is completing its work for the current auditing cycle and, as required in its charge, is reporting to the Select Board. This scope includes review of auditing reports for the Municipal Light Plant, the Concord Carlisle Regional School District (CCRSD) and the Town. This letter is our report regarding the audit of the Town for the year ended June 30, 2023.

**Reporting Structure**

The Municipal Light Plant, a department of the Town, is separately audited on a December 31 fiscal year basis for the purpose of its required reporting to the Massachusetts Department of Public Utilities. The Town is audited on a June 30 fiscal year reporting basis, in accordance with state law. The audited financial statements of the Municipal Light Plant are incorporated into the Town’s annual financial statements. The Concord Public School Department is also a part of the Town’s annual audit and financial statements. There are no other component units of the Town.

The CCRSD is a separate governmental jurisdiction and is responsible for its own annual audit examination and issuance of audited financial statements on a June 30 fiscal year basis. The CCRSD agreed to be included in the responsibilities of the FAAC and we will review the audit of the District and report our findings to the Regional School Committee.

**External Auditor**

The firm of Marcum LLP currently is engaged to perform the annual audit examination of the Municipal Light Plant, CCRSD and the Town of Concord.

**Duties of the Town of Concord FAAC**

As a reminder, the duties of the FAAC are:

- Review the arrangements for the scope and progress of the annual audit;
- Review the draft audited financial statements and consider the management letter recommendations and management’s response;
- Review internal accounting and control procedures as necessary;
- Participate in presentation of the annual audited financial statements by the external auditor at a public meeting of the Select Board and the Concord Carlisle Regional School Committee;
- Prepare such reports and recommendations to the Select Board and the Concord Carlisle Regional School Committee from time to time, within its assigned scope, as it may deem to be in the best interest of the Town; and
- Recommend to the Town Manager the selection of the independent external auditor.

We believe that with the submission of this report and the future attendance at a Select Board meeting, and with a submission to the Regional School Committee at a date to be determined, the committee will have discharged its duties for the FY23/CY23 audit cycle.

**Report on the activities of the FAAC**

Our report has two components: 1) comments on the audit process and management letter for the Town; and 2) any additional items associated with the Town.

## Audit Process and Management Letter for the Town

The Independent Auditor's report for the Town (page 1) indicates:

"In our opinion, based on our audit, 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 of Concord, Massachusetts, as of June 30, 2023, (except for the Concord Contributory Retirement System and Concord Municipal Light Plant, which are as of December 31, 2022) 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."

The auditor's Management Letter for the Town contained four prior year recommendations and five new recommendations (two of which are informational related to future accounting standards)

### CURRENT YEAR RECOMMENDATIONS:

#### 1. Implement Budget Reconciliation Process

In fiscal year 2023, the budget reported in the general ledger was the original amount of the Town Meeting warrant article rather than the amount voted. As a result, the budget in the general ledger was overstated by \$176,259. We recommend that the Town implement a process to reconcile the budget included in the general ledger to the Town Meeting votes. This will ensure the accuracy of the budget and support accurate budget versus actual comparisons.

##### *Management Response:*

The Town implemented MUNIS in fiscal year 2024. We will be utilizing the budget module to streamline the entering and balancing of the budget. We will ensure that the budget entered reconciles to the Town Meeting voted budget. We will request certified votes for the budget warrant article from the Town Clerk's office.

#### 2. Include Trust Funds in the Town's General Ledger

The Town is the custodian of numerous trust funds which are not accounted for in the general ledger. As a result, transactions related to these funds (involving over \$10 million in assets) are not subject to the Town's normal internal controls. We recommend that the Town establish accounts within their chart of accounts to include the trust funds and their activities in the general ledger. This will ensure that all Town activities are maintained in one centralized general ledger.

##### *Management Response:*

The Town understands the importance of including all trust funds in the general ledger. The Town Accountant and Deputy Treasurer/Collector worked together to bring over all the trust fund balances to the general ledger in fiscal year 2024. All activity within the trust funds is now recorded on the general ledger.

#### 3. Comply with Massachusetts General Laws (MGL)

In accordance with MGL Chapter 41, Section 56, all bills should be provided to the Town Accountant for review and placement on a warrant to be paid. In fiscal year 2023, it was determined that the School Department provided the Town Accountant with a warrant to be paid, however they

did not provide bills to be reviewed in conjunction with the warrant. As a result, the Town is not in compliance with the MGL noted above. We recommend that the School Department provide bills to the Town Accountant for review with each warrant. This will ensure that the Town is in compliance with MGL.

*Management Response:*

The Town Accountant will be requiring the School Department to provide all invoices that are placed on the vendor warrant in fiscal year 2025. All invoices will be audited by the Accounting Department prior to the checks being issued. We understand the importance of following Massachusetts General Laws and we will enforce them. We will be working with the schools to develop a process.

4. Prepare for Governmental Accounting Standards Board (GASB)

Statement Number 100 The GASB has issued GASB Statement No. 100, Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62), effective for the Town's fiscal year ending June 30, 2024. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections. We recommend the Town prepare to implement GASB Statement No. 100 by evaluating the impact on its financial statements.

*Management Response:*

The Town understands the importance of being prepared to implement new GASB statements. We are gathering the information necessary for the implementation of GASB 100. The Town will work towards ensuring that the information provided from our financial management system is both relevant and reliable for financial statements.

5. Update Accounting for Compensated Absences and Prepare for GASB Statement Number 101

The GASB has issued GASB Statement No. 101, Compensated Absences, effective for the Town's fiscal year ending June 30, 2025. This statement updates the recognition and measurement guidance for compensated absences. The Town currently manually tracks compensated absences at the department level, which is cumbersome and inherently prone to errors.

We recommend that the Town look into having compensated absences tracked within MUNIS as part of the transition to MUNIS payroll. An evaluation of GASB 101 should be completed as part of this process.

*Management Response:* The Town is in the process of implementing MUNIS payroll for January 2025. It is expected that all accruals will be updated and tracked within MUNIS for fiscal year 2025. By implementing Munis payroll, we will be reducing the number of errors by manually tracking these figures on a spreadsheet.

#### PRIOR YEAR RECOMMENDATIONS

6. Improve Reconciliation of Utility Receivables (Significant Deficiency) – FY 2021 and FY2022

The Town implemented a new utility billing system in the spring of 2019. The process of bringing the existing accounts receivable balances to the new system resulted in variances with amounts from the prior system. In addition, the new system does not consistently cut off at month end making the reconciliation process cumbersome. At June 30, 2023, the variances (approximately \$113K and \$129K for sewer and water, respectively) remained unresolved and have continued into fiscal year 2024.

We recommend that the Town continue to work with the software provider to resolve the issues noted and develop formal (documented) reconciliation procedures. The benefits of the reconciliation process are: (1) to provide a means of identifying recurring differences in the way transactions are processed within the accounting system(s), and (2) to ensure that financial statement balances (general ledger) are supported by detail accounts maintained separately.

*Management Response:*

The CFO will work with the Public Works Director to address this matter in fiscal year 25. The Town continues to work on balancing all the utility receivables between accounting and the Water/ Sewer department. Variances will be identified and tracked monthly. The Town of Concord anticipates that the implementation of a new, more comprehensive reconciliation process will be in place by the end of Fiscal Year 2025 (June 30, 2025)

7. Centralize Lease Accounting – FY 2022

During the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, it was noted that the Town does not have leases centrally maintained and expired leases are still actively receiving payments. As a result, the implementation of GASB 87 was cumbersome and the amounts received/paid by the Town may no longer be appropriate if lease terms have not been updated. We recommend that the Town consider outsourcing the accounting for leases or at a minimum having all leases be centrally maintained. We further recommend that leases be reviewed at least annually to ensure that terms are current and that amounts being received/paid are in accordance with the leases.

*Management Response:*

The Town will look into establishing a lease accounting policy to ensure all material leases are properly identified, and all terms are up to date. We will record and maintain all leases on a spreadsheet. Currently, we are looking into lease reporting software.

8. Align the Encumbrance Policy and Practice – FY2021 and FY 2022

The Town's policy regarding carrying forward unspent appropriations at year-end states that the encumbrance shall be for a specific purpose at some later date. The Town's practice is not aligned with the current policy as the practice has been to encumber certain funds without a specific vendor or purpose. Over time, these unspecified amounts had grown to almost \$2M. In fiscal year 2023, the Town closed out many of the specified encumbrances, however approximately \$670K were still on hand on June 30, 23. We recommend that the Town review the encumbrance procedures and ensure that the policy and practice are aligned. We understand that the Town is aware of the consistency noted above and is in the process of implementing corrective action, which will likely take multiple fiscal years to phase in. We will consider this matter resolved if subsequent years adherence to the policy is maintained.

*Management Response:*

The Town is in the process of closing out the stagnant balances. The Town continues to develop and update policies and procedures regarding carry over encumbrances. We will have all old encumbrances closed in fiscal year 2025.

9. Analyze Withholding Accounts - FY2021 and FY2022

The Town's general ledger contains certain payroll withholding accounts with credit balances that appear to be growing rather than zeroing out. Another account has a debit balance that has also grown from the prior year. We continue to recommend that the Town analyze all withholding balances to ensure their accuracy and, if necessary, adjust the general ledger balances

accordingly. We further recommend that all withholding accounts be reconciled monthly to supporting documentation, including FICA and health insurance contracts.

*Management Response:*

The Town Accountant and Financial Analyst reconcile the withholding accounts monthly. Reconciliations are currently tracked on an excel spreadsheet. All reconciling items are identified and tracked monthly. The Town is still carrying balances from the old withholding accounts. We are analyzing the historical data to address the old variances and hope to have this resolved in fiscal year 2025.

Additional Items Associated with the Town

No additional items of any significance were identified by the Committee members for further review and/or action.

The FAAC would like to thank Scott McIntire, Marcum LLP, for the presentations to the committee. The FAAC would also like to thank the Town's Chief Financial Officer, Anthony M. Ansaldi and the entire finance team of the Town and the Municipal Light Plant for their attention to the committee's requests and in assisting us in understanding both the audit process and the financial statements report.

The Financial Audit Advisory Committee:

Wendy Rovelli, Select Board Representative, Chair  
Cynthia Rainey, School Committee Representative  
Brian Waterson, CCRSD Committee Representative  
Bianca Taylor, CMLB Representative  
Court Booth, At-large member  
Bruce Button, At-large member  
John Flaherty, At-large member



**Town of Concord**  
**Financial Audit Advisory Committee**  
AGENDA ACTION REQUEST  
**September 18, 2024**

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## Other Business

Set date for next meeting, other new business

**Requested by: FAAC Chair**

**Action Sought: Schedule Meeting**

### Proposed Motion(s)

### Additional Information

### Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>