



**VILLAGE OF CARLISLE
WARREN COUNTY
Regular Audit
For the Year Ended December 31, 2017**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Village Council
Village of Carlisle
760 Central Avenue
Carlisle, Ohio 45005

We have reviewed the *Independent Auditor's Report* of the Village of Carlisle, Warren County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Carlisle is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 27, 2019

This page intentionally left blank.

VILLAGE OF CARLISLE, OHIO
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

TABLE OF CONTENTS

Independent Audit’s Report	1-2
Management’s Discussion and Analysis	3 -20
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	21
Statement of Activities	22 -23
Fund Financial Statements:	
Balance Sheet - Governmental Funds	24 -25
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	26
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	28 -29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) -	
General Fund	31
Road Fund	32
Fire Fund.....	33
Eagle Ridge TIF	34
Timber Ridge TIF	35
Police Services	36
Statement of Net Position - Proprietary Funds	37
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	38
Statement of Cash Flows - Proprietary Funds	39
Notes to the Basic Financial Statements	41 - 79
Required Supplementary Information:	
Schedule of the Village’s Proportionate Share of the Net Pension Liability:	
Ohio Public Employees Retirement System (OPERS)	82
Ohio Police and Fire Pension Fund (OP&F).....	83
Schedule of Village Contributions:	
Ohio Public Employees Retirement System (OPERS)	84 - 85
Ohio Police and Fire Pension Fund (OP&F).....	86 - 87
Notes to Required Supplementary Information	88
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	89 – 90

This page intentionally left blank.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

July 1, 2019

Village of Carlisle
Warren County
760 Central Avenue
Carlisle, Ohio 45005

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Carlisle**, Warren County, Ohio (the Village), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

www.perrycpas.com

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Opinion

In our opinion, the 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 Village of Carlisle, Warren County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Road Department, Fire, Eagle Ridge TIF, Timber Ridge TIF and Police Services funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (Unaudited)

The management's discussion and analysis of the Village of Carlisle's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- The total net position of the Village increased \$775,461. Net position of governmental activities increased \$753,724 or 12.03% from 2016 and net position of business-type activities increased \$21,737 or 0.40% from 2016.
- General revenues accounted for \$2,474,361 or 74.44% of total governmental activities revenue. Program specific revenues accounted for \$849,562 or 25.56% of total governmental activities revenue.
- The Village had \$2,570,199 in expenses related to governmental activities; \$849,562 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$1,720,637 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$2,474,361.
- The general fund had revenues of \$1,230,685 in 2017. This represents an increase of \$113,999 from 2016. The expenditures and other financing uses of the general fund, which totaled \$910,860 in 2017, increased \$80,296 from 2016. The net increase in fund balance for the general fund was \$319,825 or 27.44%.
- The road fund had revenues of \$232,638 in 2017. The expenditures of the road fund totaled \$155,937 in 2017. The net increase in fund balance for the road fund was \$76,701 or 18.47%.
- The fire fund had revenues of \$150,143 in 2017. The expenditures of the fire fund totaled \$106,526 in 2017. The net increase in fund balance for the fire fund was \$43,617 or 18.40%.
- The Eagle Ridge TIF fund had revenues of \$236,511 in 2017. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled \$233,407 in 2017. The net increase in fund balance for the Eagle Ridge TIF fund was \$3,104 or 24.00%.
- The Timber Ridge TIF fund had revenues and other financing sources of \$1,983,172 in 2017. The expenditures of the Timber Ridge TIF fund totaled \$1,771,753. The net increase in fund balance for the Timber Ridge TIF fund was \$211,419 or 68.68%.
- The police services fund had revenues of \$415,392 in 2017. The expenditures of the police services fund totaled \$316,238. The net increase in fund balance for the police services fund was \$99,154 or 30.87%.
- Net position for the business-type activities, which are made up of the sewer, water and refuse enterprise funds, increased in 2017 by \$21,737. This increase in net position was due to revenues exceeding expenses.
- In the general fund, the actual revenues and other financing sources came in \$139,225 higher than they were in the final budget and actual expenditures were \$140,823 less than the final appropriations.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the Village as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the Village as a whole, presenting both an aggregate view of the Village's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the Village to provide programs and activities, the view of the Village as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows, liabilities and deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Village's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Village as a whole, the financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the Village is divided into two distinct kinds of activities:

Governmental activities - Most of the Village's programs and services are reported here including police, fire, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Village's sewer, water and refuse operations are reported here.

The Village's statement of net position and statement of activities can be found on pages 21-23 of this report

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

(Unaudited)

Reporting the Village's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the Village's most significant funds. The analysis of the Village's major governmental and proprietary funds begins on page 13.

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 a government's near-term financing requirements.

Because the focus of the 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, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains a multitude of individual governmental funds. The Village has segregated these funds into major funds and nonmajor funds. The Village's major governmental funds are the general fund, road fund, fire fund, Eagle Ridge TIF fund, Timber Ridge TIF fund, and the police services fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 24-36 of this report.

Proprietary Funds

The Village maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its sewer, water and refuse management functions. All of the Village's enterprise funds are considered major funds. The basic proprietary fund financial statements can be found on pages 37-39 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. An agency fund is the Village's only fiduciary fund type. The Village's fiduciary fund accounts for the Mayor's Court. There was no balance at December 31, 2017.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 41-79 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 82-88 of this report.

THIS SPACE INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)

Government-Wide Financial Analysis

The table below provides a summary of the Village's net position at December 31, 2017 and 2016:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 4,593,045	\$ 3,789,809	\$ 3,429,617	\$ 3,037,856	\$ 8,022,662	\$ 6,827,665
Capital assets, net	6,581,823	6,828,930	2,606,814	2,923,556	9,188,637	9,752,486
Total assets	11,174,868	10,618,739	6,036,431	5,961,412	17,211,299	16,580,151
Deferred outflows of resources						
Pension	340,541	365,231	260,061	200,435	600,602	565,666
Total deferred outflows of resources	340,541	365,231	260,061	200,435	600,602	565,666
Liabilities						
Current liabilities	72,486	65,895	98,416	105,526	170,902	171,421
Long-term liabilities:						
Due within one year	1,294,884	1,723,553	26,127	46,341	1,321,011	1,769,894
Net pension liability	1,264,569	1,245,358	649,011	502,391	1,913,580	1,747,749
Other amounts	1,356,058	1,227,650	1,776	593	1,357,834	1,228,243
Total liabilities	3,987,997	4,262,456	775,330	654,851	4,763,327	4,917,307
Deferred inflows of resources						
Property taxes and PILOTs	473,971	446,164	-	-	473,971	446,164
Pension	34,508	10,141	5,373	12,944	39,881	23,085
Total deferred inflows of resources	508,479	456,305	5,373	12,944	513,852	469,249
Net Position						
Net investment in capital assets	4,001,823	3,968,930	2,606,814	2,923,556	6,608,637	6,892,486
Restricted	1,975,783	1,271,706	-	-	1,975,783	1,271,706
Unrestricted	1,041,327	1,024,573	2,908,975	2,570,496	3,950,302	3,595,069
Total net position	\$ 7,018,933	\$ 6,265,209	\$ 5,515,789	\$ 5,494,052	\$ 12,534,722	\$ 11,759,261

The Village has adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 71" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Village's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (Unaudited)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the Village's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Village is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Village's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2017, the Village's assets and deferred outflows exceeded liabilities and deferred inflows by \$12,534,722. At year-end, net position was \$7,018,933 and \$5,515,789 for the governmental activities and the business-type activities, respectively.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

(Unaudited)

Capital assets reported on the government-wide statements represent the largest portion of the Village's assets. At year-end, capital assets represented 43.18% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investment in capital assets at December 31, 2017, was \$4,001,823 and \$2,606,814 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Village's net position, \$1,975,783, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is \$1,041,327.

THIS SPACE INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)

The table below shows the changes in net position for 2017 and 2016.

	Governmental Activities <u>2017</u>	Business-type Activities <u>2017</u>	Governmental Activities <u>2016</u>	Business-type Activities <u>2016</u>	2017 Total	2016 Total
Revenues						
Program revenues:						
Charges for services	\$ 259,983	\$ 2,185,672	\$ 289,179	\$ 2,385,776	\$ 2,445,655	\$ 2,674,955
Operating grants and contributions	579,068	-	431,518	9,000	579,068	440,518
Capital grants and contributions	<u>10,511</u>	<u>-</u>	<u>10,340</u>	<u>-</u>	<u>10,511</u>	<u>10,340</u>
Total program revenues	<u>849,562</u>	<u>2,185,672</u>	<u>731,037</u>	<u>2,394,776</u>	<u>3,035,234</u>	<u>3,125,813</u>
General revenues:						
Property taxes	192,845	-	191,825	-	192,845	191,825
Income taxes	1,197,945	-	1,241,837	-	1,197,945	1,241,837
Unrestricted grants and entitlements	417,737	-	169,048	-	417,737	169,048
Payment in lieu of taxes	598,147	-	552,820	-	598,147	552,820
Investment earnings	18,860	-	6,457	-	18,860	6,457
Miscellaneous	<u>48,827</u>	<u>-</u>	<u>22,773</u>	<u>-</u>	<u>48,827</u>	<u>22,773</u>
Total general revenues	<u>2,474,361</u>	<u>-</u>	<u>2,184,760</u>	<u>-</u>	<u>2,474,361</u>	<u>2,184,760</u>
Total revenues	<u>3,323,923</u>	<u>2,185,672</u>	<u>2,915,797</u>	<u>2,394,776</u>	<u>5,509,595</u>	<u>5,310,573</u>
Expenses:						
General government	891,851	-	838,308	-	891,851	838,308
Security of persons and property	815,894	-	836,123	-	815,894	836,123
Transportation	677,742	-	450,582	-	677,742	450,582
Community environment	120,343	-	113,004	-	120,343	113,004
Leisure time activity	11,521	-	13,285	-	11,521	13,285
Interest and fiscal charges	52,848	-	72,681	-	52,848	72,681
Sewer	-	1,279,653	-	1,173,169	1,279,653	1,173,169
Refuse	-	420,742	-	414,781	420,742	414,781
Water	<u>-</u>	<u>463,540</u>	<u>-</u>	<u>522,487</u>	<u>463,540</u>	<u>522,487</u>
Total expenses	<u>2,570,199</u>	<u>2,163,935</u>	<u>2,323,983</u>	<u>2,110,437</u>	<u>4,734,134</u>	<u>4,434,420</u>
Change in net position	753,724	21,737	591,814	284,339	775,461	876,153
Net position at beginning of year	<u>6,265,209</u>	<u>5,494,052</u>	<u>5,673,395</u>	<u>5,209,713</u>	<u>11,759,261</u>	<u>10,883,108</u>
Net position at end of year	<u>\$ 7,018,933</u>	<u>\$ 5,515,789</u>	<u>\$ 6,265,209</u>	<u>\$ 5,494,052</u>	<u>\$ 12,534,722</u>	<u>\$ 11,759,261</u>

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

Governmental Activities

Governmental activities net position increased \$753,724 in 2017.

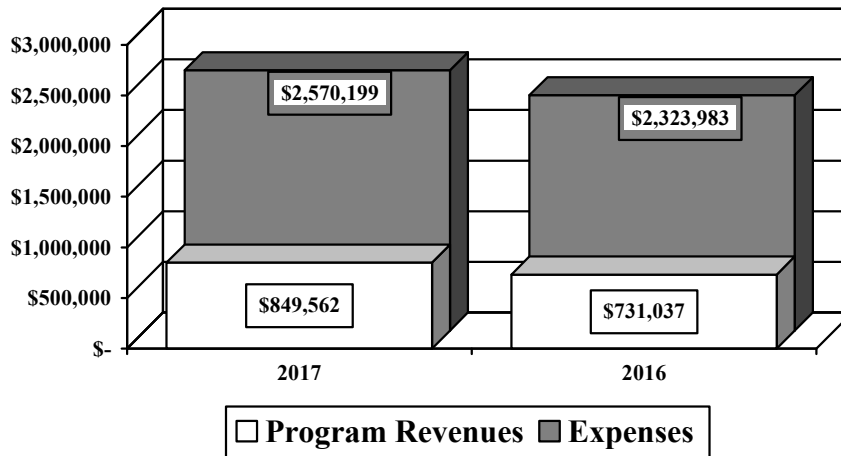
Security of persons and property which primarily supports the operation of police and fire services accounted for \$815,894 or 31.74% of the total expenses of the Village. General government expenses totaled \$891,851. General government expenses were partially funded by \$117,138 in direct charges to users of the services and operating grants and contributions of \$471.

The state and federal government contributed to the Village a total of \$579,068 in operating grants and contributions and capital grants and contributions of \$10,511. These revenues are restricted to a particular program or purpose.

General revenues totaled \$2,474,361 and amounted to 74.44% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$1,390,790. The other primary sources of general revenues are grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$417,737 and payment in lieu of taxes of \$598,147.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the Village is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities as program revenues are not sufficient to cover total governmental expenses for 2017.

Governmental Activities - Program Revenues vs. Total Expenses



VILLAGE OF CARLISLE, OHIO

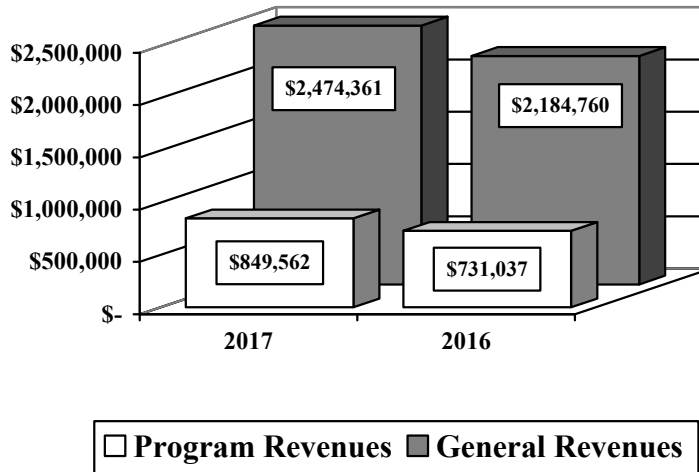
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)

Governmental Activities

	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>
Program expenses:				
General government	\$ 891,851	\$ 774,242	\$ 838,308	\$ 709,163
Security of persons and property	815,894	814,890	836,123	835,873
Transportation	677,742	100,149	450,582	22,957
Community environment	120,343	(7,088)	113,004	(12,598)
Leisure time activity	11,521	11,521	13,285	13,285
Interest and fiscal charges	<u>52,848</u>	<u>26,923</u>	<u>72,681</u>	<u>24,266</u>
Total	<u>\$ 2,570,199</u>	<u>\$ 1,720,637</u>	<u>\$ 2,323,983</u>	<u>\$ 1,592,946</u>

The dependence upon general revenues for governmental activities is apparent, with 66.95% of expenses supported through taxes and other general revenues. The chart below illustrates the Village's program revenues versus general revenues for 2017 and 2016.

Governmental Activities - General and Program Revenues



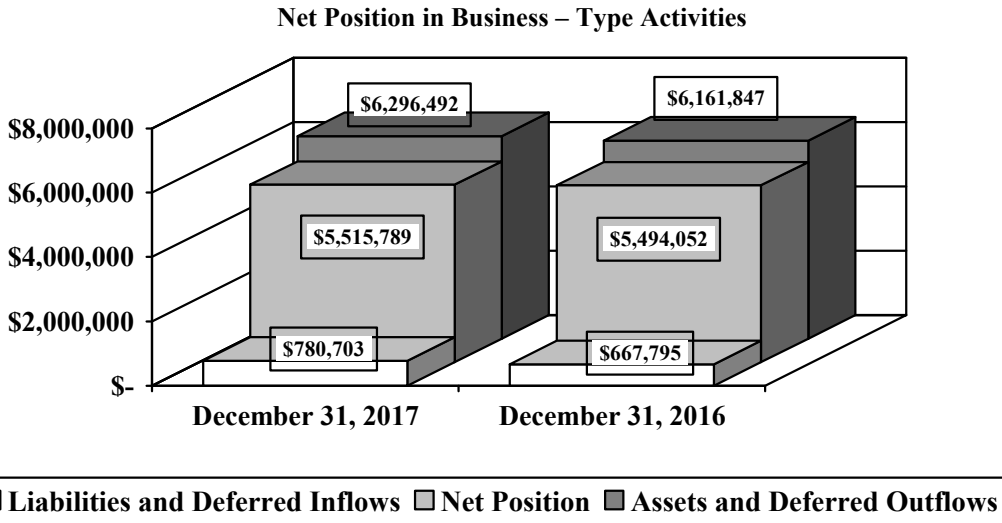
Business-type Activities

Business-type activities include the sewer, water and refuse enterprise funds. These programs had program revenues of \$2,185,672 and expenses of \$2,163,935 for 2017.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (Unaudited)

The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end.



Financial Analysis of the Government’s Funds

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

Governmental Funds

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

The Village’s governmental funds (as presented on the balance sheet on pages 24-25) reported a combined fund balance of \$3,735,776 which is \$788,595 higher than last year’s balance of \$2,947,181.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2017 and 2016 for all major and non-major governmental funds.

	<u>Fund Balances</u> <u>12/31/17</u>	<u>Fund Balances</u> <u>12/31/16</u>	<u>Change</u>
Major funds:			
General	\$ 1,485,218	\$ 1,165,393	\$ 319,825
Road	491,879	415,178	76,701
Fire	280,618	237,001	43,617
Eagle Ridge TIF	16,038	12,934	3,104
Timber Ridge TIF	519,250	307,831	211,419
Police	420,357	321,203	99,154
Other nonmajor governmental funds	<u>522,416</u>	<u>487,641</u>	<u>34,775</u>
Total	<u>\$ 3,735,776</u>	<u>\$ 2,947,181</u>	<u>\$ 788,595</u>

General Fund

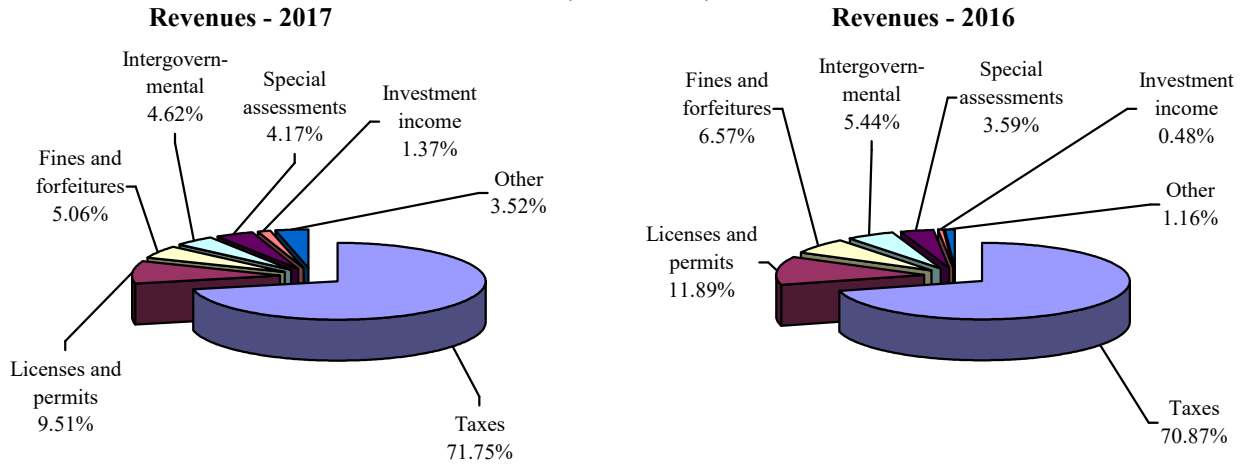
The Village's general fund balance increased \$319,825. The table that follows assists in illustrating the revenues of the general fund.

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	\$ 882,987	\$ 807,661	9.33 %
Licenses and permits	116,920	115,262	1.44 %
Fines and forfeitures	62,251	71,004	(12.33) %
Intergovernmental	56,858	47,061	20.82 %
Special assessments	51,374	51,295	0.15 %
Investment income	16,919	5,692	197.24 %
Other	<u>43,376</u>	<u>18,711</u>	131.82 %
Total	<u>\$ 1,230,685</u>	<u>\$ 1,116,686</u>	10.21 %

Tax revenue represents 71.75% of all general fund revenue. Tax revenue increased 9.33% from prior year. This is due in particular to an increase in income tax revenues. Investment income increased \$11,227 mainly due to an increase in interest received by the Village. Other revenues increased \$24,665 due mainly to refunds received during 2017. All other revenues remained comparable to 2016.

VILLAGE OF CARLISLE, OHIO

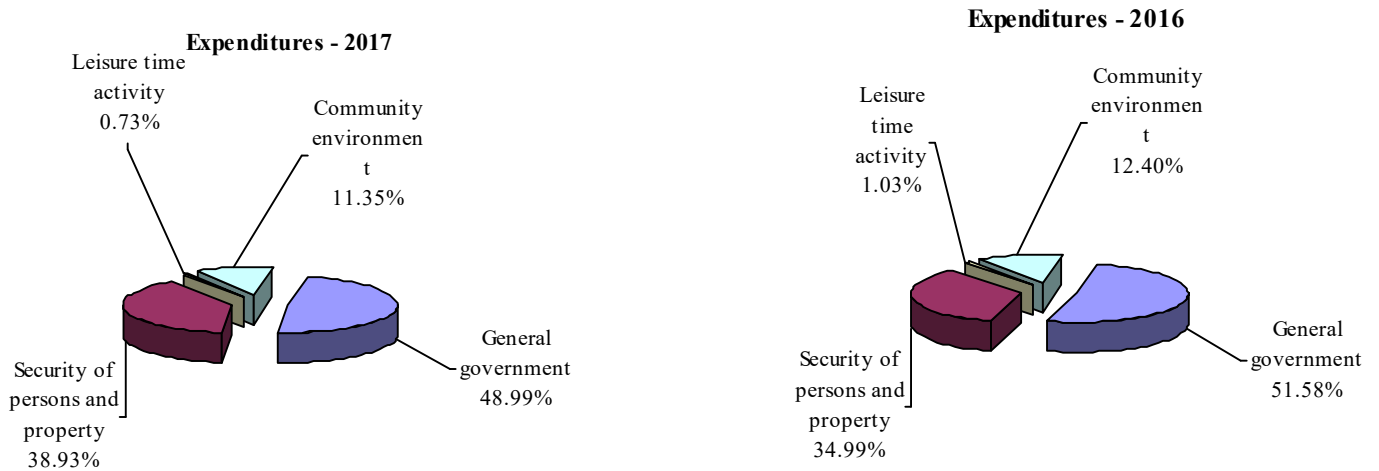
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)



The table that follows assists in illustrating the expenditures of the general fund.

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 421,730	\$ 402,654	4.74 %
Security of persons and property	335,095	273,101	22.70 %
Community environment	97,750	96,760	1.02 %
Leisure time activity	<u>6,285</u>	<u>8,049</u>	(21.92) %
Total	<u>\$ 860,860</u>	<u>\$ 780,564</u>	10.29 %

The Village increased total expenditures by 10.29%. The only significant change is in security of persons and property expenditures. This is due to more police related expenditures being paid out of the general fund during 2017. Other expenditures remained comparable from 2016 to 2017.



VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (Unaudited)

Road Fund

The road fund had revenues and other financing sources of \$232,638 in 2017. The expenditures of the road fund totaled \$155,937 in 2017. The net increase in fund balance for the road fund was \$76,701 or 18.47%.

Fire Fund

The fire fund had revenues of \$150,143 in 2017. The expenditures of the fire fund totaled \$106,526 in 2017. The net increase in fund balance for the fire fund was \$43,617 or 18.40%.

Eagle Ridge TIF Fund

The Eagle Ridge TIF fund had revenues of \$236,511 in 2017. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled \$233,407. The net increase in fund balance for the Eagle Ridge TIF fund was \$3,104 or 24.00%.

Timber Ridge TIF Fund

The Timber Ridge TIF fund had revenues and other financing sources of \$1,983,172 in 2017. The expenditures of the Timber Ridge TIF fund totaled \$1,771,753 in 2017. The net increase in fund balance for the Timber Ridge TIF fund was \$211,419 or 68.68%.

Police Services Fund

The police services fund had revenues of \$415,392 in 2017. The expenditures of the police services fund totaled \$316,238 in 2017. The net increase in fund balance for the police services fund was \$99,154 or 30.87%.

Budgeting Highlights

The Village's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the Village's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the Village's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund, road fund, fire fund, Eagle Ridge TIF, Timber Ridge TIF fund, and police services fund. In the general fund, the actual revenues and other financing sources came in \$139,225 higher than they were in the final budget and actual expenditures and other financing uses were \$140,823 less than the amount in the final budget.

Proprietary Funds

The Village's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The Village has three major enterprise funds, the sewer fund, water fund, and refuse fund.

Sewer Fund

The sewer fund had operating revenues of \$1,241,944 in 2017. The operating expenses of the sewer fund totaled \$1,279,653 in 2017. The net decrease in net position for the sewer fund was \$37,709 or 1.02%.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)

Water Fund

The water fund had operating revenues of \$509,186 in 2017. The operating expenses of the water fund totaled \$463,540 in 2017. The net increase in net position for the water fund was \$45,646 or 3.18%.

Refuse Fund

The refuse fund had operating and nonoperating revenues of \$434,542 in 2017. The operating expenses of the refuse fund totaled \$420,742 in 2017. The net increase in net position for the refuse fund was \$13,800 or 3.66%.

Capital Assets and Debt Administration

Capital Assets

At the end of 2017, the Village had \$9,188,637 (net of accumulated depreciation) invested in land, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$6,581,823 was reported in governmental activities and \$2,606,814 was reported in business-type activities. See Note 9 for further description of capital assets.

The following table shows December 31, 2017 balances compared to December 31, 2016:

**Capital Assets at December 31, 2017
(Net of Depreciation)**

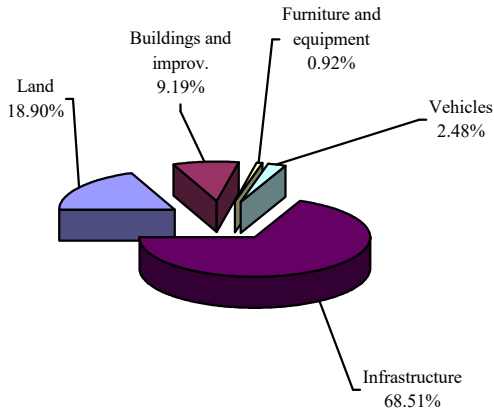
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 1,244,234	\$ 1,244,234	\$ -	\$ -	\$ 1,244,234	\$ 1,244,234
Buildings and improvements	605,147	631,489	-	-	605,147	631,489
Furniture and equipment	60,422	79,415	41,758	26,093	102,180	105,508
Vehicles	162,990	128,839	24,009	33,612	186,999	162,451
Infrastructure	<u>4,509,030</u>	<u>4,744,953</u>	<u>2,541,047</u>	<u>2,863,851</u>	<u>7,050,077</u>	<u>7,608,804</u>
Totals	<u>\$ 6,581,823</u>	<u>\$ 6,828,930</u>	<u>\$ 2,606,814</u>	<u>\$ 2,923,556</u>	<u>\$ 9,188,637</u>	<u>\$ 9,752,486</u>

VILLAGE OF CARLISLE, OHIO

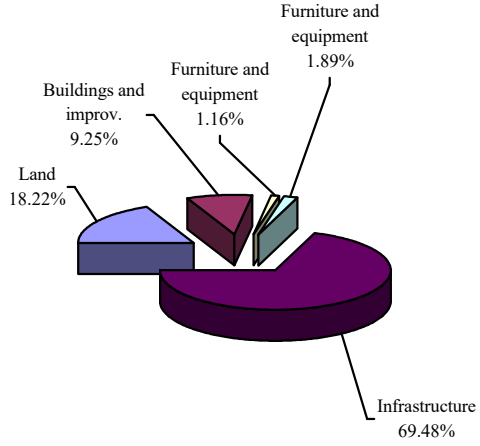
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

The following graphs show the breakdown of governmental capital assets by category for 2017 and 2016

**Capital Assets - Governmental Activities
2017**



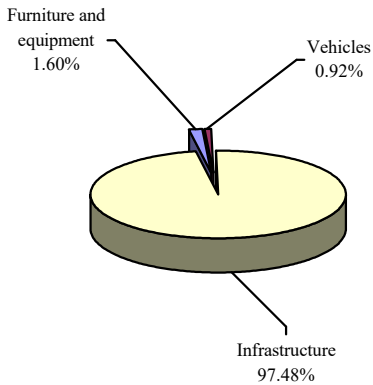
**Capital Assets - Governmental Activities
2016**



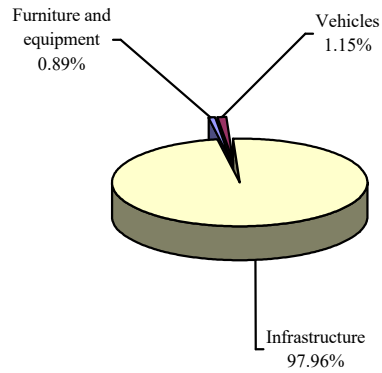
The Village's infrastructure is the largest capital asset category. The net book value of the Village's infrastructure represents approximately 68.51% of the Village's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2017 and 2016.

Capital Assets - Business-Type Activities 2017



Capital Assets - Business-Type Activities 2016



The Village's largest business-type capital asset category is infrastructure, which include water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the Village's infrastructure (cost less accumulated depreciation) represents approximately 97.48% of the Village's total business-type capital assets.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2017 and 2016:

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
General obligation bonds and notes	\$ 2,580,000	\$ 2,860,000
Special assessment bonds	<u>39,545</u>	<u>66,603</u>
Total long-term obligations	<u>\$ 2,619,545</u>	<u>\$ 2,926,603</u>

Further detail on the Village’s long-term obligations can be found in Note 11 to the financial statements.

Economic Conditions and Outlook

Located in the northernmost corner of Warren County and spreading into southern Montgomery, Carlisle is a community with over 5,000 residents. It is conveniently located within driving distance of two major cities – Cincinnati (approx. 30 mi. south) and Dayton (approx. 15 mi. north). The area is served by both state and U.S. highways. State Route 123 travels through the heart of Carlisle with State Routes 4 and 73 being located just outside its borders and Interstate Route 75 is just three miles from the downtown area. Carlisle’s early growth stemmed from the still active railroad community. This combination of geographical location and transportation convenience makes Carlisle an attractive site for both families and business alike. The 2010 census indicated that Carlisle had a population of 4,915 thus reverting back to “village” status. However, 2016 estimated figures from the US Census Bureau indicate that the community has grown to 5,329.

Although Carlisle is often thought of as a quiet bedroom community, the municipality has taken active steps to secure its financial future by the development of two business parks within the village limits. The Carlisle Industrial Park has been an established industrial base providing an excellent location for numerous manufacturing and service industries. This park offers direct access to SR-123 as well as connection to the CSX railroad system. The Carlisle Business Park is a newer development that offers over 88 acres of gently rolling land which is an excellent site for manufacturing, warehousing, service business or office needs. Given the current economic climate, development of this shovel-ready business park has been slow. Two existing Carlisle businesses are in the midst of expanding their operations. One is located in the Carlisle Business Park and the other in the Carlisle Industrial Park. The Municipality continues to work with various agencies – both public and private – to market the economic development opportunities in Carlisle.

Despite the uncertainty surrounding the economy, the Municipality continues to carefully monitor two primary sources of revenue—local income taxes and shared intergovernmental (state) revenue. In order to stabilize the impact of the fluctuations in these revenue sources, Council continues to pursue economic development and job creation; maintain the community’s reputation for high public safety standards; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2017 budget, the Municipality utilizes a basic philosophy to submit a budget to Council that balances the needs of the operation with the available revenue sources.

Local income tax collections for 2017 were up as compared to 2016 with an increase of 10.44% from the previous year. The Municipality’s largest employer – the Carlisle Local School District – continues to show financial improvement after the passage of an operational levy in November 2012 and the passage of a new bond issue in May 2017, with the goal of building a brand new K-12 school building. This construction is sure to attract new families and businesses to Carlisle.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

(Unaudited)

The Municipality continues to struggle to find ways to offset the previous funding reductions at both the State and Federal level as well as general downsizing in overall industry. However, the number of new residential housing has continued to increase in 2017 as compared to 2016 and 2015 indicating the continuing economic recovery for the area. The Utility Office recorded 67 new sewer accounts and 46 new water accounts in 2017. The Municipality continues to prepare itself financially for future lean revenue years with minimal disruption in local services. Management and staff worked with Village Council to stabilize the village's enterprise funds by passing along sewer treatment and water acquisition increases from vendors to the public in late FY2013. In FY2015, the Municipality was unsuccessful at an attempt to raise the local income tax rate from 1.5% to 2% to help offset increased costs. Due to this, the Municipality continues to rely heavily on shared-services and reliance on the enterprise funds for cost allocation. A truer cost allocation of services would better align Municipal departments. Council and staff will continue to discuss other economic options in FY2018 to determine options to help insure the long-term financial stability of the village.

The Municipality also saw changes in leadership and staff. The Municipality welcomed seasoned Village employee Julie Duffy to the role as Manager upon the retirement of Sherry Challan. Ms. Duffy was previously Finance Director. Similarly, the Village welcomed new employee Ryan Rushing as Finance Director and Dinee Kier as Tax Administrator.

These economic factors were considered in preparing the Municipality's budget for fiscal year 2018. Budgeted revenues and other financing sources in the General Fund for fiscal year 2018 budget are \$1,075,375. The Municipality will continue conservative budgeting practices and will continue to look at long-term budget forecasts to make adequate plans to maintain solvency.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Ryan A. Rushing, Finance Director, 760 West Central Avenue, Carlisle, Ohio 45005.

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 3,542,661	\$ 3,276,952	\$ 6,819,613
Receivables (net of allowances for uncollectibles):			
Income taxes.	283,857	-	283,857
Property and other taxes.	198,802	-	198,802
Payment in lieu of taxes	289,316	-	289,316
Accounts.	20,823	107,740	128,563
Special assessments	2,846	42,360	45,206
Due from other governments.	211,335	-	211,335
Materials and supplies inventory.	35,830	462	36,292
Prepayments	7,563	2,081	9,644
Net pension asset	12	22	34
Capital assets:			
Nondepreciable capital assets.	1,244,234	-	1,244,234
Depreciable capital assets, net.	5,337,589	2,606,814	7,944,403
Total capital assets, net.	<u>6,581,823</u>	<u>2,606,814</u>	<u>9,188,637</u>
Total assets	<u>11,174,868</u>	<u>6,036,431</u>	<u>17,211,299</u>
Deferred outflows of resources:			
Pension Ohio police and fire.	199,288	-	199,288
Pension OPERS.	141,253	260,061	401,314
Total deferred outflows of resources	<u>340,541</u>	<u>260,061</u>	<u>600,602</u>
Liabilities:			
Accounts payable.	12,767	215	12,982
Accrued wages and benefits payable	20,733	12,099	32,832
Due to other governments	13,146	86,102	99,248
Accrued interest payable	25,840	-	25,840
Long-term liabilities:			
Due within one year	1,294,884	26,127	1,321,011
Due in more than one year:			
Net pension liability	1,264,569	649,011	1,913,580
Other amounts due in more than one year	1,356,058	1,776	1,357,834
Total liabilities	<u>3,987,997</u>	<u>775,330</u>	<u>4,763,327</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	184,655	-	184,655
Payment in lieu of taxes levied for the next fiscal year.	289,316	-	289,316
Pension Ohio police and fire.	25,008	-	25,008
Pension OPERS.	9,500	5,373	14,873
Total deferred inflows of resources	<u>508,479</u>	<u>5,373</u>	<u>513,852</u>
Net position:			
Net investment in capital assets	4,001,823	2,606,814	6,608,637
Restricted for:			
Capital projects	26,236	-	26,236
Transportation projects	541,717	-	541,717
Public safety	1,381,922	-	1,381,922
Other purposes.	25,908	-	25,908
Unrestricted.	1,041,327	2,908,975	3,950,302
Total net position	<u>\$ 7,018,933</u>	<u>\$ 5,515,789</u>	<u>\$ 12,534,722</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government.	\$ 891,851	\$ 117,138	\$ 471	\$ -
Security of persons and property	815,894	-	1,004	-
Transportation.	677,742	-	577,593	-
Community environment	120,343	116,920	-	10,511
Leisure time activity.	11,521	-	-	-
Interest and fiscal charges.	52,848	25,925	-	-
Total governmental activities	<u>2,570,199</u>	<u>259,983</u>	<u>579,068</u>	<u>10,511</u>
Business-type activities:				
Sewer	1,279,653	1,241,944	-	-
Water	463,540	509,186	-	-
Refuse	420,742	434,542	-	-
Total business-type activities	<u>2,163,935</u>	<u>2,185,672</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 4,734,134</u>	<u>\$ 2,445,655</u>	<u>\$ 579,068</u>	<u>\$ 10,511</u>

General revenues:

Property taxes levied for:

- General purposes
- Fire

Income taxes levied for:

- General purposes
- Police services

Grants and entitlements not restricted to specific programs.

Payments in lieu of taxes

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (774,242)	\$ -	\$ (774,242)
(814,890)	-	(814,890)
(100,149)	-	(100,149)
7,088	-	7,088
(11,521)	-	(11,521)
(26,923)	-	(26,923)
(1,720,637)	-	(1,720,637)
-	(37,709)	(37,709)
-	45,646	45,646
-	13,800	13,800
-	21,737	21,737
(1,720,637)	21,737	(1,698,900)
63,819	-	63,819
129,026	-	129,026
798,629	-	798,629
399,316	-	399,316
417,737	-	417,737
598,147	-	598,147
18,860	-	18,860
48,827	-	48,827
2,474,361	-	2,474,361
753,724	21,737	775,461
6,265,209	5,494,052	11,759,261
\$ 7,018,933	\$ 5,515,789	\$ 12,534,722

VILLAGE OF CARLISLE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	<u>General</u>	<u>Road Department</u>	<u>Fire</u>	<u>Eagle Ridge TIF</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 1,327,855	\$ 435,867	\$ 280,439	\$ 16,038
Receivables:				
Income taxes.	189,238	-	-	-
Property and other taxes.	65,701	-	133,101	-
Payment in lieu of taxes	-	-	-	107,032
Accounts.	20,479	-	-	-
Special assessments	2,846	-	-	-
Interfund loans.	70,000	-	-	-
Due from other governments	18,069	111,313	10,746	21,017
Materials and supplies inventory	2,188	31,719	119	-
Prepayments.	5,129	206	1,493	-
Total assets	<u>\$ 1,701,505</u>	<u>\$ 579,105</u>	<u>\$ 425,898</u>	<u>\$ 144,087</u>
Liabilities:				
Accounts payable.	\$ 4,679	\$ 6,869	\$ 4	\$ -
Accrued wages and benefits	18,671	2,062	-	-
Due to other governments	8,736	896	1,429	-
Interfund loans payable.	-	-	-	-
Total liabilities.	<u>32,086</u>	<u>9,827</u>	<u>1,433</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	61,147	-	123,508	-
Delinquent property tax revenue not available.	4,554	-	9,593	-
Special assessments revenue not available.	2,846	-	-	-
Income tax revenue not available.	102,695	-	-	-
Other nonexchange transactions not available	12,959	77,399	10,746	21,017
Payment in lieu of taxes	-	-	-	107,032
Total deferred inflows of resources	<u>184,201</u>	<u>77,399</u>	<u>143,847</u>	<u>128,049</u>
Fund balances:				
Nonspendable.	7,317	31,925	1,612	-
Restricted.	-	459,954	279,006	16,038
Committed.	-	-	-	-
Assigned.	8,912	-	-	-
Unassigned (deficit)	1,468,989	-	-	-
Total fund balances.	<u>1,485,218</u>	<u>491,879</u>	<u>280,618</u>	<u>16,038</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,701,505</u>	<u>\$ 579,105</u>	<u>\$ 425,898</u>	<u>\$ 144,087</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Timber Ridge TIF	Police Services	Other Governmental Funds	Total Governmental Funds
\$ 519,250	\$ 378,440	\$ 584,772	\$ 3,542,661
-	94,619	-	283,857
-	-	-	198,802
172,396	-	9,888	289,316
-	-	344	20,823
-	-	-	2,846
-	-	-	70,000
33,853	-	16,337	211,335
-	-	1,804	35,830
-	735	-	7,563
<u>\$ 725,499</u>	<u>\$ 473,794</u>	<u>\$ 613,145</u>	<u>\$ 4,663,033</u>
\$ -	\$ 4	\$ 1,211	\$ 12,767
-	-	-	20,733
-	2,085	-	13,146
-	-	70,000	70,000
<u>-</u>	<u>2,089</u>	<u>71,211</u>	<u>116,646</u>
-	-	-	184,655
-	-	-	14,147
-	-	-	2,846
-	51,348	-	154,043
33,853	-	9,630	165,604
172,396	-	9,888	289,316
<u>206,249</u>	<u>51,348</u>	<u>19,518</u>	<u>810,611</u>
-	735	1,804	43,393
519,250	419,622	245,837	1,939,707
-	-	344,769	344,769
-	-	-	8,912
-	-	(69,994)	1,398,995
<u>519,250</u>	<u>420,357</u>	<u>522,416</u>	<u>3,735,776</u>
<u>\$ 725,499</u>	<u>\$ 473,794</u>	<u>\$ 613,145</u>	<u>\$ 4,663,033</u>

VILLAGE OF CARLISLE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017

Total governmental fund balances		\$	3,735,776
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			6,581,823
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	154,043	
Property taxes receivable		14,147	
Special assessments receivable		2,846	
Intergovernmental receivable		165,604	
		165,604	
Total			336,640
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:			
Accrued interest payable		(25,840)	
Special assessment bonds		(39,545)	
General obligation bonds		(165,000)	
General obligation notes		(2,415,000)	
Compensated absences		(31,397)	
		(2,676,782)	
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Net pension asset		12	
Deferred outflows		340,541	
Deferred inflows		(34,508)	
Net pension liability		(1,264,569)	
		(958,524)	
Net position of governmental activities		\$	7,018,933

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General</u>	<u>Road Department</u>	<u>Fire</u>	<u>Eagle Ridge TIF</u>
Revenues:				
Income taxes	\$ 819,879	\$ -	\$ -	\$ -
Property and other taxes.	63,108	-	127,488	-
Licenses and permits	116,920	-	-	-
Fines and forfeitures	62,251	-	-	-
Intergovernmental.	56,858	229,668	21,651	35,209
Special assessments	51,374	-	-	-
Investment income.	16,919	1,206	-	-
Payment in lieu of taxes	-	-	-	201,302
Other	43,376	1,764	1,004	-
Total revenues	<u>1,230,685</u>	<u>232,638</u>	<u>150,143</u>	<u>236,511</u>
Expenditures:				
Current:				
General government	421,730	-	-	148,407
Security of persons and property	335,095	-	106,526	-
Transportation	-	129,738	-	-
Community environment	97,750	-	-	-
Leisure time activity	6,285	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement.	-	18,125	-	-
Interest and fiscal charges	-	8,074	-	-
Total expenditures	<u>860,860</u>	<u>155,937</u>	<u>106,526</u>	<u>148,407</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>369,825</u>	<u>76,701</u>	<u>43,617</u>	<u>88,104</u>
Other financing sources (uses):				
Note issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out).	(50,000)	-	-	(85,000)
Total other financing sources (uses)	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(85,000)</u>
Net change in fund balances	319,825	76,701	43,617	3,104
Fund balances at beginning of year	<u>1,165,393</u>	<u>415,178</u>	<u>237,001</u>	<u>12,934</u>
Fund balances at end of year	<u>\$ 1,485,218</u>	<u>\$ 491,879</u>	<u>\$ 280,618</u>	<u>\$ 16,038</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Timber Ridge TIF	Police Services	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 409,941	\$ -	\$ 1,229,820
-	-	-	190,596
-	-	-	116,920
-	-	2,786	65,037
294,572	-	347,540	985,498
-	-	-	51,374
-	-	735	18,860
363,600	-	33,245	598,147
-	5,451	36,436	88,031
<u>658,172</u>	<u>415,392</u>	<u>420,742</u>	<u>3,344,283</u>
267,970	-	18,817	856,924
-	316,238	-	757,859
-	-	325,294	455,032
-	-	11,944	109,694
-	-	-	6,285
3,042	-	-	3,042
1,475,000	-	1,228,933	2,722,058
25,741	-	25,979	59,794
<u>1,771,753</u>	<u>316,238</u>	<u>1,610,967</u>	<u>4,970,688</u>
<u>(1,113,581)</u>	<u>99,154</u>	<u>(1,190,225)</u>	<u>(1,626,405)</u>
1,325,000	-	1,090,000	2,415,000
-	-	135,000	135,000
-	-	-	(135,000)
<u>1,325,000</u>	<u>-</u>	<u>1,225,000</u>	<u>2,415,000</u>
211,419	99,154	34,775	788,595
307,831	321,203	487,641	2,947,181
<u>\$ 519,250</u>	<u>\$ 420,357</u>	<u>\$ 522,416</u>	<u>\$ 3,735,776</u>

VILLAGE OF CARLISLE, OHIO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Net change in fund balances - total governmental funds	\$	788,595
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Capital asset additions	\$ 86,957	
Current year depreciation	(334,064)	
Total		(247,107)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(31,875)	
Property taxes	2,249	
Special assessments	727	
Intergovernmental revenues	8,539	
Total		(20,360)
 The issuance of notes provides current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net position.		
		(2,415,000)
 Repayment of bond and note proceeds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		2,722,058
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		6,946
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(13,142)
 Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		118,037
 Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(186,303)
Change in net position of governmental activities	\$	753,724

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 735,000	\$ 735,000	\$ 815,951	\$ 80,951
Property and other taxes.	62,000	62,000	63,108	1,108
Licenses and permits	125,000	125,000	115,909	(9,091)
Fines and forfeitures	60,400	60,400	62,616	2,216
Intergovernmental.	40,775	40,775	57,477	16,702
Special assessments	50,350	50,350	51,374	1,024
Investment income.	5,500	5,500	16,919	11,419
Other.	8,500	8,500	43,343	34,843
Total revenues	<u>1,087,525</u>	<u>1,087,525</u>	<u>1,226,697</u>	<u>139,172</u>
Expenditures:				
Current:				
General government	477,055	477,055	425,996	51,059
Security of persons and property	403,135	403,135	325,744	77,391
Community environment	107,893	107,893	100,400	7,493
Leisure time activity	11,000	11,000	6,120	4,880
Total expenditures	<u>999,083</u>	<u>999,083</u>	<u>858,260</u>	<u>140,823</u>
Excess of revenues over expenditures	<u>88,442</u>	<u>88,442</u>	<u>368,437</u>	<u>279,995</u>
Other financing sources (uses):				
Sale of capital assets.	-	-	53	53
Transfers (out)	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(49,947)</u>	<u>53</u>
Net change in fund balances	38,442	38,442	318,490	280,048
Fund balances at beginning of year.	990,079	990,079	990,079	-
Prior year encumbrances appropriated.	<u>4,856</u>	<u>4,856</u>	<u>4,856</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,033,377</u>	<u>\$ 1,033,377</u>	<u>\$ 1,313,425</u>	<u>\$ 280,048</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ROAD DEPARTMENT
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental.	\$ 215,000	\$ 215,000	\$ 228,146	\$ 13,146
Investment income.	500	500	1,206	706
Other	-	-	1,609	1,609
Total revenues	<u>215,500</u>	<u>215,500</u>	<u>230,961</u>	<u>15,461</u>
Expenditures:				
Current:				
Transportation	223,127	223,127	175,011	48,116
Debt service:				
Principal retirement.	23,125	23,125	18,125	5,000
Interest and fiscal charges	8,214	8,214	8,074	140
Total expenditures	<u>254,466</u>	<u>254,466</u>	<u>201,210</u>	<u>53,256</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(38,966)</u>	<u>(38,966)</u>	<u>29,751</u>	<u>68,717</u>
Other financing sources:				
Sale of capital assets.	-	-	158	158
Total other financing sources	<u>-</u>	<u>-</u>	<u>158</u>	<u>158</u>
Net change in fund balances	(38,966)	(38,966)	29,909	68,875
Fund balances at beginning of year	374,761	374,761	374,761	-
Prior year encumbrances appropriated	857	857	857	-
Fund balance at end of year	<u>\$ 336,652</u>	<u>\$ 336,652</u>	<u>\$ 405,527</u>	<u>\$ 68,875</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FIRE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes.	\$ 128,000	\$ 128,000	\$ 127,488	\$ (512)
Intergovernmental.	22,250	22,250	21,651	(599)
Other	-	-	1,007	1,007
Total revenues	<u>150,250</u>	<u>150,250</u>	<u>150,146</u>	<u>(104)</u>
Expenditures:				
Current:				
Security of persons and property	148,356	148,356	108,404	39,952
Total expenditures	<u>148,356</u>	<u>148,356</u>	<u>108,404</u>	<u>39,952</u>
Net change in fund balances	1,894	1,894	41,742	39,848
Fund balances at beginning of year	232,983	232,983	232,983	-
Prior year encumbrances appropriated	<u>2,671</u>	<u>2,671</u>	<u>2,671</u>	<u>-</u>
Fund balance at end of year	<u>\$ 237,548</u>	<u>\$ 237,548</u>	<u>\$ 277,396</u>	<u>\$ 39,848</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EAGLE RIDGE TIF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental.	\$ 31,750	\$ 32,833	\$ 35,209	\$ 2,376
Payment in lieu of taxes	180,000	187,718	201,302	13,584
Total revenues	<u>211,750</u>	<u>220,551</u>	<u>236,511</u>	<u>15,960</u>
Expenditures:				
Current:				
General government	131,285	148,485	148,436	49
Total expenditures	<u>131,285</u>	<u>148,485</u>	<u>148,436</u>	<u>49</u>
Excess of revenues over expenditures.	<u>80,465</u>	<u>72,066</u>	<u>88,075</u>	<u>16,009</u>
Other financing uses:				
Transfers (out).	(85,000)	(85,000)	(85,000)	-
Total other financing uses	<u>(85,000)</u>	<u>(85,000)</u>	<u>(85,000)</u>	<u>-</u>
Net change in fund balances	(4,535)	(12,934)	3,075	16,009
Fund balances at beginning of year	<u>12,934</u>	<u>12,934</u>	<u>12,934</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,399</u>	<u>\$ -</u>	<u>\$ 16,009</u>	<u>\$ 16,009</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 TIMBER RIDGE TIF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental.	\$ 60,375	\$ 60,375	\$ 294,572	\$ 234,197
Payment in lieu of taxes.	350,000	350,000	363,600	13,600
Total revenues	<u>410,375</u>	<u>410,375</u>	<u>658,172</u>	<u>247,797</u>
Expenditures:				
Current:				
General government	266,744	268,044	268,029	15
Capital outlay	3,500	3,500	3,042	458
Debt service:				
Principal retirement.	1,475,000	1,475,000	1,475,000	-
Interest and fiscal charges	<u>29,500</u>	<u>29,500</u>	<u>25,741</u>	<u>3,759</u>
Total expenditures.	<u>1,774,744</u>	<u>1,776,044</u>	<u>1,771,812</u>	<u>4,232</u>
Excess of expenditures over revenues	<u>(1,364,369)</u>	<u>(1,365,669)</u>	<u>(1,113,640)</u>	<u>252,029</u>
Other financing sources:				
Note issuance	<u>1,120,000</u>	<u>1,120,000</u>	<u>1,325,000</u>	<u>205,000</u>
Total other financing sources	<u>1,120,000</u>	<u>1,120,000</u>	<u>1,325,000</u>	<u>205,000</u>
Net change in fund balances.	(244,369)	(245,669)	211,360	457,029
Fund balances at beginning of year	<u>307,831</u>	<u>307,831</u>	<u>307,831</u>	<u>-</u>
Fund balance at end of year	<u>\$ 63,462</u>	<u>\$ 62,162</u>	<u>\$ 519,191</u>	<u>\$ 457,029</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 POLICE SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 350,000	\$ 350,000	\$ 407,978	\$ 57,978
Other	500	500	3,937	3,437
Total revenues	<u>350,500</u>	<u>350,500</u>	<u>411,915</u>	<u>61,415</u>
Expenditures:				
Current:				
Security of persons and property.	339,904	346,904	327,802	19,102
Total expenditures	<u>339,904</u>	<u>346,904</u>	<u>327,802</u>	<u>19,102</u>
Excess of revenues over expenditures.	<u>10,596</u>	<u>3,596</u>	<u>84,113</u>	<u>80,517</u>
Other financing sources:				
Sale of capital assets.	-	-	1,526	1,526
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,526</u>	<u>1,526</u>
Net change in fund balances	10,596	3,596	85,639	82,043
Fund balances at beginning of year	290,897	290,897	290,897	-
Prior year encumbrances appropriated	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Fund balance at end of year	<u>\$ 301,497</u>	<u>\$ 294,497</u>	<u>\$ 376,540</u>	<u>\$ 82,043</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 2,042,332	\$ 770,567	\$ 464,053	\$ 3,276,952
Receivables (net of allowance for uncollectibles):				
Accounts	57,976	43,289	6,475	107,740
Special assessments	39,491	-	2,869	42,360
Materials and supplies inventory	462	-	-	462
Prepayments	1,009	921	151	2,081
Net pension asset	14	4	4	22
Total current assets	<u>2,141,284</u>	<u>814,781</u>	<u>473,552</u>	<u>3,429,617</u>
Noncurrent assets:				
Capital assets:				
Total depreciable capital assets, net	<u>1,846,549</u>	<u>758,663</u>	<u>1,602</u>	<u>2,606,814</u>
Total capital assets, net	<u>1,846,549</u>	<u>758,663</u>	<u>1,602</u>	<u>2,606,814</u>
Total assets	<u>3,987,833</u>	<u>1,573,444</u>	<u>475,154</u>	<u>6,036,431</u>
Deferred outflows of resources:				
Pension - OPERS	<u>163,226</u>	<u>46,488</u>	<u>50,347</u>	<u>260,061</u>
Liabilities:				
Current liabilities:				
Accounts payable	213	1	1	215
Accrued wages and benefits	8,076	2,243	1,780	12,099
Compensated absences	17,770	4,214	4,143	26,127
Due to other governments	69,549	15,067	1,486	86,102
Total current liabilities	<u>95,608</u>	<u>21,525</u>	<u>7,410</u>	<u>124,543</u>
Long-term liabilities:				
Compensated absences	1,119	213	444	1,776
Net pension liability	<u>406,399</u>	<u>116,662</u>	<u>125,950</u>	<u>649,011</u>
Total long-term liabilities	<u>407,518</u>	<u>116,875</u>	<u>126,394</u>	<u>650,787</u>
Total liabilities	<u>503,126</u>	<u>138,400</u>	<u>133,804</u>	<u>775,330</u>
Deferred inflows of resources:				
Pension - OPERS	<u>2,849</u>	<u>1,640</u>	<u>884</u>	<u>5,373</u>
Net position:				
Net investment in capital assets	1,846,549	758,663	1,602	2,606,814
Unrestricted	<u>1,798,535</u>	<u>721,229</u>	<u>389,211</u>	<u>2,908,975</u>
Total net position	<u>\$ 3,645,084</u>	<u>\$ 1,479,892</u>	<u>\$ 390,813</u>	<u>\$ 5,515,789</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Operating revenues:				
Charges for services	\$ 1,157,562	\$ 444,711	\$ 433,352	\$ 2,035,625
Tap-in fees.	76,600	46,725	-	123,325
Other	7,782	17,750	1,190	26,722
Total operating revenues.	<u>1,241,944</u>	<u>509,186</u>	<u>434,542</u>	<u>2,185,672</u>
Operating expenses:				
Personal services	327,637	114,748	108,138	550,523
Contract services.	663,007	283,284	303,779	1,250,070
Materials and supplies.	4,459	10,905	2,289	17,653
Transportation	2,966	375	135	3,476
Depreciation.	281,403	53,916	6,401	341,720
Other	181	312	-	493
Total operating expenses.	<u>1,279,653</u>	<u>463,540</u>	<u>420,742</u>	<u>2,163,935</u>
Operating income (loss)/change in net position	<u>(37,709)</u>	<u>45,646</u>	<u>13,800</u>	<u>21,737</u>
Net position at beginning of year	<u>3,682,793</u>	<u>1,434,246</u>	<u>377,013</u>	<u>5,494,052</u>
Net position at end of year	<u>\$ 3,645,084</u>	<u>\$ 1,479,892</u>	<u>\$ 390,813</u>	<u>\$ 5,515,789</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,246,028	\$ 479,602	\$ 456,778	\$ 2,182,408
Cash received from other operations.	7,798	17,754	1,195	26,747
Cash payments for personal services.	(369,516)	(104,492)	(100,479)	(574,487)
Cash payments for contractual services	(594,940)	(268,466)	(302,718)	(1,166,124)
Cash payments for materials and supplies	(4,058)	(10,905)	(2,192)	(17,155)
Cash payments for transportation	(2,966)	(375)	(135)	(3,476)
Cash payments for other expenses	(181)	(312)	-	(493)
Net cash provided by operating activities.	<u>282,165</u>	<u>112,806</u>	<u>52,449</u>	<u>447,420</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(24,978)	-	-	(24,978)
Net cash used in capital and related financing activities.	<u>(24,978)</u>	<u>-</u>	<u>-</u>	<u>(24,978)</u>
Net increase in cash and cash equivalents	257,187	112,806	52,449	422,442
Cash and cash equivalents at beginning of year . . .	<u>1,785,145</u>	<u>657,761</u>	<u>411,604</u>	<u>2,854,510</u>
Cash and cash equivalents at end of year.	<u><u>\$ 2,042,332</u></u>	<u><u>\$ 770,567</u></u>	<u><u>\$ 464,053</u></u>	<u><u>\$ 3,276,952</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (37,709)	\$ 45,646	\$ 13,800	\$ 21,737
Adjustments:				
Depreciation.	281,403	53,916	6,401	341,720
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Materials and supplies inventory	338	-	97	435
Accounts receivable.	21,757	(11,834)	23,908	33,831
Special assessments.	(9,891)	-	(482)	(10,373)
Prepayments	4,500	1,208	1,061	6,769
Due from other governments	16	4	5	25
Deferred outflows - OPERS	(38,436)	(9,706)	(11,484)	(59,626)
Accounts payable.	163	(1)	(1)	161
Accrued wages and benefits	(1,347)	(415)	(829)	(2,591)
Due to other governments.	(17,636)	13,270	(314)	(4,680)
Compensated absences payable	(9,393)	(3,013)	(6,625)	(19,031)
Net pension liability	93,614	24,467	28,539	146,620
Net pension asset	(4)	(1)	(1)	(6)
Deferred inflows - OPERS	(5,210)	(735)	(1,626)	(7,571)
Net cash provided by operating activities	<u><u>\$ 282,165</u></u>	<u><u>\$ 112,806</u></u>	<u><u>\$ 52,449</u></u>	<u><u>\$ 447,420</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - DESCRIPTION OF THE VILLAGE

The Village of Carlisle, Warren County, Ohio (the “Village”), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected Mayor and six-member Council. The Village provides water and sewer utilities, park operations, police services and a planning and zoning department. The Village provides fire services through its volunteer fire department.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The Village’s significant accounting policies are described below.

A. Reporting Entity

The Village’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”, and as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The Village’s BFS include all funds, agencies, boards, commissions, and departments for which the Village is financially accountable. Financial accountability, as defined by the GASB, exists if the Village appoints a voting majority of an organization’s Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Village. The Village may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the Village. The Village also took into consideration other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the Village’s basic financial statements to be misleading or incomplete.

The Village provides various services including fire protection and prevention, water and sewer services, street maintenance and repairs, planning and zoning, building inspection, parks and recreation, refuse collection and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's Governing Board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; or (3) the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Village is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Village in that the Village approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the Village has no component units. The basic financial statements of the reporting entity include only those of the Village (the primary government).

B. Basis of Presentation - Fund Accounting

The Village's BFS consists of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Village at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Village's governmental activities and for the business-type activities of the Village. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the Village.

Fund Financial Statements - During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Village's proprietary funds are charges for sales and services. Operating expenses for the enterprise fund include personnel and other expenses related to sewer, water and refuse operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows and liabilities and deferred inflows is reported as fund balance. The following are the Village's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Road department fund - the road department fund receives money that is restricted to providing and improving the roads in the Village

Fire fund - The fire fund receives money from property taxes restricted to providing and improving fire services in the Village.

Eagle ridge TIF fund - The eagle ridge TIF fund receives payments in lieu of taxes and money from real estate taxes that is restricted.

Timber ridge TIF fund - The timber ridge TIF fund receives payments in lieu of taxes and money from real estate taxes that is restricted.

Police services fund - The police services fund receives money that is restricted from income taxes to provide and improve police services in the Village.

Other governmental funds of the Village are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The Village does not have any internal services funds. The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Sewer fund - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the Village.

Water fund - This fund accounts for the operations of providing water treatment and distribution to the residents and commercial users located within the Village.

Refuse fund - This fund accounts for the operations of providing refuse removal to its residential and commercial users located within the Village.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village's own programs. The Village does not have any trust funds. The Village's only agency fund accounts for monies collected and distributed for court fines and forfeitures. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of the Village are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows, current liabilities and current deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Village finances and meets the cash flow needs of its proprietary activities

Agency funds do not report a measurement focus as they do not report operations.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Village, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the Village receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 8). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Village must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Village on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), and special assessments.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Village, See Note 13 for deferred outflows of resources related the Village's net pension liability.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Village, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Village, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Village, See Note 13 for deferred inflows of resources related to the Village's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The legal level of budgetary control is at the object level for all funds. Budgetary modifications may only be made by resolution of the Village Council at the legal level of control.

Tax Budget - During the first Council meeting in July, the Mayor presents the following year's annual operating budget to Village Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to January 1, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the first and final amended official certificate of estimated resources issued during 2017.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The appropriations for a fund may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the final appropriation amounts, including all amendments and modifications legally enacted by Council.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Cash and Cash Equivalents

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Village's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

The Village has segregated bank accounts for monies held separate from the Village's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited in the Village treasury. There was no outstanding balance at December 31, 2017.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2017 amount to \$16,919 which includes \$9,974 assigned from other Village funds.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

An analysis of the Village’s investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

Inventories of all funds are stated at cost which is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types and as expenses in the proprietary fund type.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Village maintains a capitalization threshold of \$5,000. The Village’s infrastructure consists of storm sewers, streets, and water and sewer lines. The Village did not retroactively report governmental activities infrastructure, in accordance with Phase III implementation of GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Village’s historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Buildings and improvements	50 years	50 years
Furniture and equipment	10 years	10 years
Vehicles	5 - 15 years	5 - 15 years
Infrastructure	25 - 50 years	40 years

J. Compensated Absences

Compensated absences of the Village consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Village and the employee.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Village will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. Village employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

L. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the BFS.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of Village Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of Village Council, which includes giving the Finance Director the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Estimates

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

P. Net Position

Net position represents the difference between assets plus deferred outflows less liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Village applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Village Council and that are either unusual in nature or infrequent in occurrence. During 2017, the Village had no extraordinary or special items.

R. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

S. Pensions

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2017, the Village has implemented GASB Statement No. 80, “Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14”, GASB Statement No. 81 “Irrevocable Split-Interest Agreements”, and GASB Statement No. 82, “Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73”.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Village.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the Village.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Village.

B. Deficit Fund Balances

Fund balances at December 31, 2017 included the following individual fund deficit:

<u>Nonmajor fund</u>	<u>Deficit</u>
SR 123/Reconstruction Phase X	\$ 69,994

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Village Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above, of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations of the Village.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

A. Deposits with Financial Institutions

At December 31, 2017, the carrying amount of all Village deposits was \$6,819,613 and the bank balance of all Village deposits was \$6,936,509. Of the bank balance, \$6,674,602 was exposed to custodial risk as discussed below because those deposits were uninsured and uncollateralized and \$261,907 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2017, the Village's financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,819,613
Total	<u>\$ 6,819,613</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 3,542,661
Business type activities	<u>3,276,952</u>
Total	<u>\$ 6,819,613</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2017, consisted of the following, as reported on the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>	Amount
Nonmajor governmental funds	General fund	\$ 50,000
Nonmajor governmental funds	Eagle Ridge TIF funds	<u>85,000</u>
Total		<u>\$ 135,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (4) to move principal payments made by proprietary funds to the governmental fund that made the principal payments (5) to move part of the money received from payments in lieu of taxes in the Eagle Ridge TIF fund to capital project funds. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B. Interfund loans consisted of the following at December 31, 2017, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 70,000</u>

The interfund loan balances result from resources provided by the receivable fund to the payable fund to provide cash flow resources until anticipated revenues are received. Interfund loans payable/receivable between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Village. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Village of Carlisle. The County Auditor periodically remits to the Village its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2017 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows since the current taxes were not levied to finance 2017 operations and the collection of delinquent taxes has been offset by deferred inflows since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflows.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all Village operations for the year ended December 31, 2017 was \$3.81 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2017 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 61,322,530
Commercial/industrial/mineral	9,791,460
<u>Public utility</u>	
Personal	<u>6,050,410</u>
Total assessed value	<u>\$ 77,164,400</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2017, consisted of taxes, accounts (billings for user charged services), accrued interest, special assessments and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2017.

A summary of the principal items of receivables reported on the statement of net position follows:

<u>Governmental activities:</u>	
Income taxes	\$ 283,857
Property and other taxes	198,802
Payment in lieu of taxes	289,316
Accounts	20,823
Special assessments	2,846
Due from other governments	211,335
<u>Business-type activities:</u>	
Accounts	107,740
Special assessments	42,360

Receivables have been disaggregated on the face of the financial statements. The only receivable not expected to be collected within the subsequent year is the special assessments which are collected over the life of the assessment.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 8 - MUNICIPAL INCOME TAXES

The Village levies a 1.5 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 1.5 percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration.

The Village's income tax ordinance requires a portion of the income tax receipts to be used to finance public safety forces. As a result, this portion of the receipts is allocated to the police services special revenue fund each year. The remaining income tax receipts are to be used to pay the cost of administering the tax and general fund operations, as determined by Council. Income tax revenue for 2017 was \$1,229,820 as reported in the fund financial statements.

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the governmental activities for the year ended December 31, 2017, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/17</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,244,234	\$ -	\$ -	\$ 1,244,234
Total capital assets, not being depreciated	<u>1,244,234</u>	<u>-</u>	<u>-</u>	<u>1,244,234</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,317,185	-	-	1,317,185
Furniture and equipment	323,083	-	-	323,083
Vehicles	746,800	86,957	(20,903)	812,854
Infrastructure	5,881,499	-	-	5,881,499
Total capital assets, being depreciated	<u>8,268,567</u>	<u>86,957</u>	<u>(20,903)</u>	<u>8,334,621</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(685,696)	(26,342)	-	(712,038)
Furniture and equipment	(243,668)	(18,993)	-	(262,661)
Vehicles	(617,961)	(52,806)	20,903	(649,864)
Infrastructure	(1,136,546)	(235,923)	-	(1,372,469)
Total accumulated depreciation	<u>(2,683,871)</u>	<u>(334,064)</u>	<u>20,903</u>	<u>(2,997,032)</u>
Total capital assets, being depreciated, net	<u>5,584,696</u>	<u>(247,107)</u>	<u>-</u>	<u>5,337,589</u>
Governmental activities capital assets, net	<u>\$ 6,828,930</u>	<u>\$ (247,107)</u>	<u>\$ -</u>	<u>\$ 6,581,823</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$ 12,662
Security of persons and property	35,893
Community environment	7,794
Transportation	272,479
Leisure time activity	<u>5,236</u>
Total depreciation expense - governmental activities	<u>\$ 334,064</u>

B. Business-type activities

Capital asset activity for the business-type activities for the year ended December 31, 2017, was as follows:

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/17</u>
<u>Business-type activities:</u>				
<i>Capital assets, being depreciated</i>				
Furniture and equipment	\$ 206,457	\$ 24,978	\$ -	\$ 231,435
Vehicles	231,159	-	-	231,159
Infrastructure	<u>12,912,124</u>	<u>-</u>	<u>-</u>	<u>12,912,124</u>
Total capital assets, being depreciated	<u>13,349,740</u>	<u>24,978</u>	<u>-</u>	<u>13,374,718</u>
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	(180,364)	(9,313)	-	(189,677)
Vehicles	(197,547)	(9,603)	-	(207,150)
Infrastructure	<u>(10,048,273)</u>	<u>(322,804)</u>	<u>-</u>	<u>(10,371,077)</u>
Total accumulated depreciation	<u>(10,426,184)</u>	<u>(341,720)</u>	<u>-</u>	<u>(10,767,904)</u>
Business-type activities capital assets, net	<u>\$ 2,923,556</u>	<u>\$ (316,742)</u>	<u>\$ -</u>	<u>\$ 2,606,814</u>

Depreciation was charged to departments of the Village as follows:

Business-type activities:

Sewer	\$ 281,403
Water	53,916
Refuse	<u>6,401</u>
Total depreciation expense - business-type activities	<u>\$ 341,720</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned, unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of one-half of the 960 hours maximum of accumulated, unused sick leave. As of December 31, 2017, the liability for unpaid compensated absences was \$59,300 for the entire Village.

NOTE 11 - LONG-TERM OBLIGATIONS

During 2017, the following changes occurred in the Village's long-term obligations:

	Balance <u>12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/17</u>	Amounts Due in <u>One Year</u>
<u>Governmental activities:</u>					
<u>General obligation bonds and notes:</u>					
Road Improvements - 4.26%	\$ 185,000	\$ -	\$ (20,000)	\$ 165,000	\$ 25,000
Business Park Improvements - 1.65%	300,000	250,000	(300,000)	250,000	250,000
Road Improvement Note - 1.75%	900,000	840,000	(900,000)	840,000	840,000
Road Improvement					
Bond Anticipation Note - 1.65%	<u>1,475,000</u>	<u>1,325,000</u>	<u>(1,475,000)</u>	<u>1,325,000</u>	<u>125,000</u>
Total general obligation bonds and notes	<u>2,860,000</u>	<u>2,415,000</u>	<u>(2,695,000)</u>	<u>2,580,000</u>	<u>1,240,000</u>
<u>Special assessment bonds:</u>					
Jamaica Road Improvements - 6.00%	11,603	-	(2,058)	9,545	2,182
Road Improvements - 4.15%	<u>55,000</u>	<u>-</u>	<u>(25,000)</u>	<u>30,000</u>	<u>30,000</u>
Total special assessment bonds	<u>66,603</u>	<u>-</u>	<u>(27,058)</u>	<u>39,545</u>	<u>32,182</u>
<u>Other long-term obligations:</u>					
Net pension liability	1,245,358	65,105	(45,894)	1,264,569	-
Compensated absences	<u>24,600</u>	<u>18,292</u>	<u>(11,495)</u>	<u>31,397</u>	<u>22,702</u>
Total other long-term obligations	<u>1,269,958</u>	<u>83,397</u>	<u>(57,389)</u>	<u>1,295,966</u>	<u>22,702</u>
Total governmental activities long-term obligations	<u>\$ 4,196,561</u>	<u>\$ 2,498,397</u>	<u>\$ (2,779,447)</u>	<u>\$ 3,915,511</u>	<u>\$ 1,294,884</u>
<u>Business-type activities:</u>					
<u>Other long-term obligations:</u>					
Net pension liability	\$ 502,391	\$ 146,620	\$ -	\$ 649,011	\$ -
Compensated absences	<u>46,934</u>	<u>27,310</u>	<u>(46,341)</u>	<u>27,903</u>	<u>26,127</u>
Total business-type activities long-term obligations	<u>\$ 549,325</u>	<u>\$ 173,930</u>	<u>\$ (46,341)</u>	<u>\$ 676,914</u>	<u>\$ 26,127</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

General obligation bond and notes - On July 1, 2003, the Village issued \$400,000 in roadway improvement bonds. These bonds were issued for the purpose of making road improvements within the Village. The bonds bear interest rates ranging from 3.0% to 5.1%. The bonds mature on December 1, 2023.

On May 13, 2016, the Village issued \$900,000 in general obligation notes. The notes were issued for the purpose of making road improvements within the Village. The notes bear interest at 1.75%. The notes matured May 12, 2017.

On May 12, 2017, the Village issued \$840,000 in general obligation notes. The notes were issued for the purpose of making road improvements within the Village. The notes bear interest at 2.35%. The notes will mature May 11, 2018.

On December 2, 2016, the Village issued \$300,000 in general obligation notes. The notes were issued for the purpose of improving the Village's business parks. The notes bear interest at 2.00%. The notes matured December 1, 2017.

On December 1, 2017, the Village issued \$250,000 in general obligation notes. The notes were issued for the purpose of improving the Village's business parks. The notes bear interest at 2.35%. The notes will mature November 30, 2018.

On April 28, 2017, the Village issued \$1,325,000 in general obligation notes. The notes were issued for the purpose of making road improvements within the Village. The notes bear interest at 2.35%. The notes will mature April 27, 2018.

Special assessment bonds - The special assessment bonds are for road extensions and improvements. The special assessment bond issues are backed by the full faith and credit of the Village. In the event that an assessed property owner fails to make payments, the Village will be required to pay the related debt. The Union Road extension bonds were issued for \$208,000 on July 19, 1996, bear an interest rate of 6.25%, and mature on December 1, 2016. The Jamaica Road improvement bonds were issued on May 3, 2001, bear an interest rate of 6.00% and mature on May 3, 2021. The road improvement bonds were issued to improve Eagle Court. These bonds were issued on August 13, 1998 for \$360,000, bear an interest rates ranging from 4.00% to 5.35%, and mature on December 1, 2018.

Compensated absences - will be paid from the fund from which the employees' salaries are paid which for the Village is primarily the general fund, road, fire and police services special revenue funds and the sewer fund.

Net pension liability - See Note 13 for more information on net pension liability.

Debt margin - The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the Village's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the Village's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2017, the Village's total debt margin was \$5,495,192 and the unvoted debt margin was \$4,244,042.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the Village's bonds outstanding at December 31, 2017 were:

Year Ending December 31,	Jamaica Road Improvements		
	Principal	Interest	Total
2018	\$ 2,182	\$ 573	\$ 2,755
2019	2,313	442	2,755
2020	2,452	303	2,755
2021	2,598	156	2,754
Total	<u>\$ 9,545</u>	<u>\$ 1,474</u>	<u>\$ 11,019</u>

Year Ending December 31,	Eagle Court			General Obligation Bonds and Notes		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 30,000	\$ 1,605	\$ 31,605	\$1,240,000	\$ 38,968	\$ 1,278,968
2019	-	-	-	150,000	42,668	192,668
2020	-	-	-	150,000	37,730	187,730
2021	-	-	-	150,000	32,768	182,768
2022	-	-	-	155,000	27,780	182,780
2023 - 2027	-	-	-	660,000	69,030	729,030
2028	-	-	-	75,000	2,249	77,249
Total	<u>\$ 30,000</u>	<u>\$ 1,605</u>	<u>\$ 31,605</u>	<u>\$2,580,000</u>	<u>\$ 251,193</u>	<u>\$ 2,831,193</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 12 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2017, the Village contracted with several companies for various types of insurance as follows. The risk of loss transfers to the insurance carrier upon payment of the premium. The following is a summary of the Village's insurance coverage:

<u>Company</u>	<u>Type</u>	<u>Deductible</u>	<u>Coverage</u>
The Ohio Plan	Commercial Property	\$1,000	\$3,783,375
The Ohio Plan	Scheduled & Misc. Equipment	\$1,000	\$705,686
The Ohio Plan	Auto Comprehensive & Collision	\$500	ACV
The Ohio Plan	Emergency Auto Comprehensive & Collision	\$500	\$979,077
The Ohio Plan	Auto Liability	-	\$5,000,000
The Ohio Plan	General Liability	-	\$5,000,000
The Ohio Plan	Public Officials Liability	\$1,000	\$5,000,000
The Ohio Plan	Employee Bonding		
	- Village Manager	-	\$35,000
	- Finance Director	-	\$35,000
	- Public Employee	-	\$35,000
The Ohio Plan	Law Enforcement Operations	\$1,000	\$5,000,000
The Ohio Plan	Wrongful Acts	\$5,000	\$5,000,000

There has been no material change in this coverage for the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

Health insurance is provided to eligible employees through a commercial carrier.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the Village's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Ohio Revised Code limits the Village's obligation for this liability to annually required payments. The Village cannot control benefit terms or the manner in which pensions are financed; however, the Village does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits or overfunded benefits is presented as a long-term *net pension liability* or *net pension asset*, respectively, on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *due to other governments* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS’s Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village’s contractually required contribution for the Traditional Pension Plan and Member-Directed Plan was \$89,490 for 2017. Of this amount, \$12,466 is reported as due to other governments.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description - Village full-time police participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police
2017 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2017 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$86,426 for 2017. Of this amount \$14,086 is reported as due to other governments.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2016, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The Village's proportion of the net pension liability or asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00457100%	0.00678700%	0.01486100%	
Proportion of the net pension liability/asset current measurement date	<u>0.00441900%</u>	<u>0.00834200%</u>	<u>0.01436900%</u>	
Change in proportionate share	<u>-0.00015200%</u>	<u>0.00155500%</u>	<u>-0.00049200%</u>	
Proportionate share of the net pension liability	\$ 1,003,480	\$ -	\$ 910,100	\$ 1,913,580
Proportionate share of the net pension asset	-	(34)	-	(34)
Pension expense	210,203	43	113,352	323,598

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ 1,360	\$ 354	\$ 258	\$ 1,972
Net difference between projected and actual earnings on pension plan investments	149,438	30	88,505	237,973
Changes of assumptions	159,163	39	-	159,202
Changes in employer's proportionate percentage/ difference between employer contributions	1,440	-	24,099	25,539
Village contributions subsequent to the measurement date	85,821	3,669	86,426	175,916
Total deferred outflows of resources	<u>\$ 397,222</u>	<u>\$ 4,092</u>	<u>\$ 199,288</u>	<u>\$ 600,602</u>
Deferred inflows of resources				
Differences between expected and actual experience	\$ 5,973	\$ -	\$ 2,096	\$ 8,069
Changes in employer's proportionate percentage/ difference between employer contributions	8,900	-	22,912	31,812
Total deferred inflows of resources	<u>\$ 14,873</u>	<u>\$ -</u>	<u>\$ 25,008</u>	<u>\$ 39,881</u>

\$175,916 reported as deferred outflows of resources related to pension resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2018.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
2018	\$ 121,318	\$ 62	\$ 35,052	\$ 156,432
2019	126,735	62	35,052	161,849
2020	52,859	60	27,032	79,951
2021	(4,381)	50	(5,257)	(9,588)
2022	(3)	51	(3,581)	(3,533)
Thereafter	-	138	(444)	(306)
Total	\$ 296,528	\$ 423	\$ 87,854	\$ 384,805

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, for the defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.75 %
Domestic equities	20.70	6.34
Real estate	10.00	4.75
Private equity	10.00	8.97
International equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. A discount rate of 8.00% was used in the previous measurement period. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Village's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50%, as well as what the Village's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Village's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 1,533,039	\$ 1,003,480	\$ 562,185
Member-Directed Plan	83	(34)	(83)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation date	January 1, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8.25%
Projected salary increases	4.25% - 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%
Cost of living adjustments	2.60% and 3.00% simple

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return **</u>	<u>30 Year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.46 %	5.21 %
Non-US Equity	16.00	4.66	5.40
Core Fixed Income *	20.00	1.67	2.37
Global Inflation			
Protected Securities *	20.00	0.49	2.33
High Yield	15.00	3.33	4.48
Real Estate	12.00	4.71	5.65
Private Markets	8.00	7.31	7.99
Timber	5.00	6.87	6.87
Master Limited Partnerships	8.00	6.92	7.36
Total	<u>120.00 %</u>		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OPF's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 8.25%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25%. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25%), or one percentage point higher (9.25%) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Village's proportionate share of the net pension liability	\$ 1,212,169	\$ 910,100	\$ 654,125

NOTE 14 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2017 was 1.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017, 2016, and 2015 were \$8,069, \$13,822, and \$7,484, respectively; 87.22% has been contributed for 2017 and 100% has been contributed for 2016 and 2017. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2017 thru December 31, 2017. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers were \$2,274 for the year ended December 31, 2017, \$1,700 for the year ended December 31, 2016, and \$1,894, for the year ended December 31, 2015. 100% has been contributed for 2016 and 2015. 84.12% has been contributed for police for 2017. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and any major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis) but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

Net Change in Fund Balance

	<u>General fund</u>	<u>Road</u>	<u>Fire</u>	<u>Eagle Ridge TIF</u>	<u>Timber Ridge TIF</u>	<u>Police Services</u>
Budget basis	\$ 318,490	\$ 29,909	\$ 41,742	\$ 3,075	\$ 211,360	\$ 85,639
Net adjustment for revenue accruals	3,988	1,677	(3)	-	-	3,477
Net adjustment for expenditure accruals	(17,030)	14,933	(1,165)	-	-	9,664
Net adjustment for other sources/uses	(53)	(158)	-	-	-	(1,526)
Adjustment for encumbrances	<u>14,430</u>	<u>30,340</u>	<u>3,043</u>	<u>29</u>	<u>59</u>	<u>1,900</u>
GAAP basis	<u>\$ 319,825</u>	<u>\$ 76,701</u>	<u>\$ 43,617</u>	<u>\$ 3,104</u>	<u>\$ 211,419</u>	<u>\$ 99,154</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 16 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund cash balance	General	Road	Fire	Eagle Ridge TIF	Timber Ridge TIF	Police Services	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Materials and supplies inventory	\$ 2,188	\$ 31,719	\$ 119	\$ -	\$ -	\$ -	\$ 1,804	\$ 35,831
Prepays	<u>5,129</u>	<u>206</u>	<u>1,493</u>	<u>-</u>	<u>-</u>	<u>735</u>	<u>-</u>	<u>7,567</u>
Total nonspendable	<u>7,317</u>	<u>31,925</u>	<u>1,612</u>	<u>-</u>	<u>-</u>	<u>735</u>	<u>1,804</u>	<u>43,359</u>
Restricted:								
General government	-	-	-	16,038	-	-	144,843	160,881
Capital improvements	-	-	-	-	519,250	-	23,274	542,524
Security of persons and property	-	-	279,006	-	-	419,622	816	699,444
Community environment programs	-	-	-	-	-	-	2,962	2,962
Transportation	-	459,954	-	-	-	-	48,034	507,988
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,908</u>	<u>25,908</u>
Total restricted	<u>-</u>	<u>459,954</u>	<u>279,006</u>	<u>16,038</u>	<u>519,250</u>	<u>419,622</u>	<u>245,837</u>	<u>1,939,770</u>
Committed:								
Transportation	-	-	-	-	-	-	267,873	267,873
Debt service	-	-	-	-	-	-	7,479	7,479
Capital improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,417</u>	<u>69,417</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,769</u>	<u>344,769</u>
Assigned:								
General government	6,268	-	-	-	-	-	-	6,268
Security of persons and property	1,241	-	-	-	-	-	-	1,241
Community environment programs	950	-	-	-	-	-	-	950
Leisure time activities	<u>453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453</u>
Total assigned	<u>8,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,912</u>
Unassigned (deficit)	<u>1,468,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,994)</u>	<u>1,398,995</u>
Total fund cash balances	<u>\$ 1,485,218</u>	<u>\$ 491,879</u>	<u>\$ 280,618</u>	<u>\$ 16,038</u>	<u>\$ 519,250</u>	<u>\$ 420,357</u>	<u>\$ 522,416</u>	<u>\$ 3,735,770</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - OTHER COMMITMENTS

The Village utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Village's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 8,912
Road	23,472
Fire	2,209
Eagle Ridge TIF	29
Timber Ridge TIF	59
Police	1,900
Nonmajor governmental funds	<u>6,413</u>
Total	<u>\$ 42,994</u>

NOTE 18 - CONTINGENCIES

A. Grants

The Village receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Village at December 31, 2017.

B. Litigation

The Village is currently not involved in litigation for which the Village's legal counsel anticipates a loss.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>				
Village's proportion of the net pension liability	0.004419%	0.004571%	0.004643%	0.004643%
Village's proportionate share of the net pension liability	\$ 1,003,480	\$ 791,755	\$ 559,999	\$ 547,348
Village's covered payroll	\$ 647,800	\$ 666,625	\$ 664,133	\$ 552,838
Village's proportionate share of the net pension liability as a percentage of its covered payroll	154.91%	118.77%	84.32%	99.01%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%
<i>Member Directed Plan:</i>				
Village's proportion of the net pension asset	0.008342%	0.006787%	n/a	n/a
Village's proportionate share of the net pension asset	\$ 34	\$ 26	n/a	n/a
Village's covered payroll	\$ 43,308	\$ 37,800	n/a	n/a
Village's proportionate share of the net pension asset as a percentage of its covered payroll	0.08%	0.07%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	103.40%	103.91%	n/a	n/a

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the Village's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

	LAST FOUR YEARS			
	2017	2016	2015	2014
Village's proportion of the net pension liability	0.01436900%	0.01486100%	0.01437250%	0.01437250%
Village's proportionate share of the net pension liability	\$ 910,100	\$ 955,994	\$ 744,555	\$ 699,986
Village's covered payroll	\$ 339,916	\$ 368,916	\$ 346,826	\$ 333,035
Village's proportionate share of the net pension liability as a percentage of its covered payroll	267.74%	259.14%	214.68%	210.18%
Plan fiduciary net position as a percentage of the total pension liability	68.36%	66.77%	72.20%	73.00%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the Village's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF VILLAGE'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2017	2016	2015	2014
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 85,821	\$ 77,736	\$ 79,995	\$ 79,696
Contributions in relation to the contractually required contribution	(85,821)	(77,736)	(79,995)	(79,696)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 660,162	\$ 647,800	\$ 666,625	\$ 664,133
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 3,669	\$ 5,197	\$ 4,536	
Contributions in relation to the contractually required contribution	(3,669)	(5,197)	(4,536)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	
Village's covered payroll	\$ 36,690	\$ 43,308	\$ 37,800	
Contributions as a percentage of covered payroll	10.00%	12.00%	12.00%	

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 71,869	\$ 50,656	\$ 51,687	\$ 41,367	\$ 52,461	\$ 34,595
<u>(71,869)</u>	<u>(50,656)</u>	<u>(51,687)</u>	<u>(41,367)</u>	<u>(52,461)</u>	<u>(34,595)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 552,838	\$ 506,560	\$ 516,870	\$ 463,929	\$ 645,674	\$ 494,214
13.00%	10.00%	10.00%	8.92%	8.13%	7.00%

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF VILLAGE'S CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	2017	2016	2015	2014
<i>Police:</i>				
Contractually required contribution	\$ 86,426	\$ 64,584	\$ 70,094	\$ 65,897
Contributions in relation to the contractually required contribution	(86,426)	(64,584)	(70,094)	(65,897)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 454,874	\$ 339,916	\$ 368,916	\$ 346,826
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 52,886	\$ 31,387	\$ 21,211	\$ 33,601	\$ 27,782	\$ 48,545
<u>(52,886)</u>	<u>(31,387)</u>	<u>(21,211)</u>	<u>(33,601)</u>	<u>(27,782)</u>	<u>(48,545)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 332,965	\$ 246,173	\$ 166,361	\$ 263,537	\$ 217,898	\$ 380,745
15.88%	12.75%	12.75%	12.75%	12.75%	12.75%

VILLAGE OF CARLISLE, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

July 1, 2019

Village of Carlisle
Warren County
760 Central Avenue
Carlisle, Ohio 45005

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Carlisle**, Warren County, (the Village) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 1, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

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

www.perrycpas.com

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Village of Carlisle
Warren County
Independent Auditor's Report On Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 1, 2019.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CARLISLE

WARREN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 10, 2019**