

**CITY OF NEW CARLISLE
CLARK COUNTY**

REGULAR AUDIT

JANUARY 1, 2014 – DECEMBER 31, 2014





Dave Yost • Auditor of State

City Council
City of New Carlisle
331 South Church Street
New Carlisle, Ohio 45344

We have reviewed the *Independent Auditor's Report* of the City of New Carlisle, Clark County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2014 through December 31, 2014. 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 City of New Carlisle is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 15, 2015

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**CITY OF NEW CARLISLE
CLARK COUNTY, OHIO**

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**CITY OF NEW CARLISLE
CLARK COUNTY, OHIO**

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City of New Carlisle
Clark County
331 South Church Street
New Carlisle, Ohio 45344

INDEPENDENT AUDITOR'S REPORT

To the City 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 City of New Carlisle, Clark County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City'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 City'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 City's internal control. Accordingly, we express no 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.

Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, Major Enterprise Water and Sewer Funds, and Aggregate Remaining Fund Information

Management has not established an adequate method for recording capital assets. Accounting principles generally accepted in the United States of America require that sufficient competent evidential matter support the City's capital asset balances, and support the reported accumulated depreciation and current period depreciation expense in the Governmental Activities, Business-Type Activities, Major Enterprise Water and Sewer Funds, and Non-Major Enterprise Fund (which is a component of Aggregate Remaining Fund Information). We cannot reasonably determine the amount by which this departure would affect these assets, net position, and expenses.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
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Qualified Opinions

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, Major Enterprise Funds Water and Sewer Funds, and Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, Business-Type Activities, Major Enterprise Water and Sewer Funds, and Aggregate Remaining Fund Information of the City of New Carlisle, Clark County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General, Street Construction, Emergency Ambulance, Emergency Fire, and Twin Creeks Infrastructure Bonds funds of the City of New Carlisle, Clark County Ohio, as of December 31, 2014, and the respective budgetary comparisons for the General, Street Construction, Emergency Ambulance and Emergency Fire funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

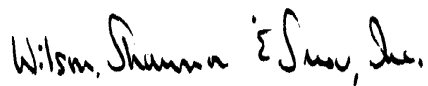
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* 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 June 19, 2015, on our consideration of the City'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 City's internal control over financial reporting and compliance.



June 19, 2015
Newark, Ohio

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

This discussion and analysis of the City of New Carlisle's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the current year by approximately \$5.8 million (net position), a decrease of \$682,621 from the prior year.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$1.5 million, an increase of \$63,029 from the prior year.
- At year-end, the City's general fund reported a fund balance of \$252,187, a decrease of \$103,078 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Statement of Net Position (Deficit) and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major 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 dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City of New Carlisle as a Whole

Statement of Net Position (Deficit) and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position (Deficit) and the Statement of Activities answer this question. These statements include all assets, liabilities, and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in this position. This change in net position is important because it tells the reader whether the financial position of the City, as a whole, has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as the condition of the City's capital assets will also need to be evaluated. In these two statements, the City is divided into the following two types of activities:

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

- **Governmental Activities** – Most of the City's programs and services are reported here including police, fire and rescue, 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** – The business-type activities of the City primarily consist of water distribution, sewage collection and treatment, and swimming pool.

Reporting the City of New Carlisle's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City, our major funds are the general, street construction, emergency ambulance, emergency fire, twin creeks infrastructure bonds, water, and sewer funds.

Governmental Funds

Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position (Deficit) and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance (deficit) for the general, street construction, emergency ambulance, emergency fire and twin creeks infrastructure bonds funds, which are considered to be the City's major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the general, street construction, emergency ambulance, and emergency fire funds to demonstrate compliance with this budget.

Proprietary Funds

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, the proprietary fund statements will essentially match the business-type activities statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City has no fiduciary funds.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(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.

THE CITY OF NEW CARLISLE AS A WHOLE

Recall that the Statement of Net Position (Deficit) provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position (deficit) for 2014 compared to 2013.

TABLE 1

Net Position (Deficit)

	Governmental		Business-type		Total	
	Activites		Activities			
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 4,522,159	\$ 4,462,592	\$ 485,460	\$ 535,347	\$ 5,007,619	\$ 4,997,939
Capital assets	5,334,753	5,668,248	2,050,255	2,599,717	7,385,008	8,267,965
Total Assets	<u>9,856,912</u>	<u>10,130,840</u>	<u>2,535,715</u>	<u>3,135,064</u>	<u>12,392,627</u>	<u>13,265,904</u>
Current liabilities	129,867	114,793	362,369	50,440	492,236	165,233
Long-term liabilities	2,015,517	2,156,783	3,400,853	3,782,004	5,416,370	5,938,787
Total Liabilities	<u>2,145,384</u>	<u>2,271,576</u>	<u>3,763,222</u>	<u>3,832,444</u>	<u>5,908,606</u>	<u>6,104,020</u>
Deferred Inflows of Resources	<u>659,816</u>	<u>655,058</u>	-	-	<u>659,816</u>	<u>655,058</u>
Net Position:						
Net Investment in Capital Assets	3,391,709	3,588,959	39,560	40,058	3,431,269	3,629,017
Restricted	2,893,576	2,746,931	-	-	2,893,576	2,746,931
Unrestricted	<u>766,427</u>	<u>868,316</u>	<u>(1,267,067)</u>	<u>(737,438)</u>	<u>(500,640)</u>	<u>130,878</u>
Total Net Position (Deficit)	<u>\$ 7,051,712</u>	<u>\$ 7,204,206</u>	<u>\$ (1,227,507)</u>	<u>\$ (697,380)</u>	<u>\$ 5,824,205</u>	<u>\$ 6,506,826</u>

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, etc.), net of accumulated depreciation, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$2.9 million of the City's net position represents resources that are subject to external restrictions on how they may be used.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

Table 2 shows the changes in net position (deficit) for the years ended December 31, 2014 and 2013.

TABLE 2

Change in Net Position (Deficit)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for Services	\$ 819,299	\$ 676,623	\$ 1,541,553	\$ 1,606,787	\$ 2,360,852	\$ 2,283,410
Operating Grants and Contributions	387,903	426,488	-	-	387,903	426,488
Capital Grants and Contributions	-	2,086,689	40,000	-	40,000	2,086,689
General Revenues:						
Property Taxes	709,262	543,236	-	-	709,262	543,236
Income Taxes	868,302	919,401	-	-	868,302	919,401
Other Local Taxes	125,621	128,155	-	-	125,621	128,155
Unrestricted Grants and Entitlements	67,750	132,895	-	-	67,750	132,895
Other Unrestricted Revenues	35,424	7,507	29,485	40,485	64,909	47,992
Total Revenues	3,013,561	4,920,994	1,611,038	1,647,272	4,624,599	6,568,266
Expenses:						
General Government	810,265	860,331	-	-	810,265	860,331
Security of Persons and Property	732,843	741,826	-	-	732,843	741,826
Leisure-Time Activities	72,081	100,336	-	-	72,081	100,336
Health	936,600	908,658	-	-	936,600	908,658
Community Environment	69,689	66,811	-	-	69,689	66,811
Transportation	366,600	401,167	-	-	366,600	401,167
Interest on Long-Term Debt	111,128	115,755	-	-	111,128	115,755
Water	-	-	1,005,164	939,548	1,005,164	939,548
Sewer	-	-	1,121,838	1,164,534	1,121,838	1,164,534
Swimming Pool	-	-	81,012	95,227	81,012	95,227
Total Expenses	3,099,206	3,194,884	2,208,014	2,199,309	5,307,220	5,394,193
Increase/(Decrease) before Transfers	(85,645)	1,726,110	(596,976)	(552,037)	(682,621)	1,174,073
Transfers	(66,849)	-	66,849	-	-	-
Extraordinary Loss	-	(247,500)	-	-	-	(247,500)
Increase(Decrease) in Net Position	(152,494)	1,478,610	(530,127)	(552,037)	(682,621)	926,573
Net Position (Deficit) at Beginning of Year	7,204,206	5,725,596	(697,380)	(145,343)	6,506,826	5,580,253
Net Position (Deficit) at End of Year	\$ 7,051,712	\$ 7,204,206	\$ (1,227,507)	\$ (697,380)	\$ 5,824,205	\$ 6,506,826

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

Governmental Activities

The increase in Charges for Services is primarily the result of an increase in ambulance billings.

Capital Grants and Contributions decreased significantly in comparison with the prior year. This decrease is the result of a reduction in grant funds received from the Ohio Department of Transportation and the Community Development Block Grant through Clark County.

The decrease in Unrestricted Grants and Entitlements is the result of the elimination of the estate tax.

Total versus Net Cost of Services

The Statement of Activities shows the cost of program services and the charges for services and grants and contributions associated with those services. Table 3 below reflects the cost of program services and the net cost of those services after taking into account the program revenues. When applicable, the net cost of program services must be supported by general revenues.

TABLE 3

Functions/Programs	Total Cost		Net Cost	
	2014	2013	2014	2013
Governmental Activities:				
General Government	\$ 810,265	\$ 860,331	\$ 759,256	\$ 811,750
Security of Persons and Property	732,843	741,826	602,313	601,111
Leisure-Time Activities	72,081	100,336	72,081	(290,624)
Health	936,600	908,658	230,362	347,613
Community Environment	69,689	66,811	69,689	40,649
Transportation	366,600	401,167	47,175	(1,621,170)
Interest on Long-Term Debt	111,128	115,755	111,128	115,755
Total Governmental Activities	\$ 3,099,206	\$ 3,194,884	\$ 1,892,004	\$ 5,084
Business-Type Activities:				
Water	\$ 1,005,164	\$ 939,548	\$ 197,481	\$ 215,376
Sewer	1,121,838	1,164,534	382,764	341,622
Swimming Pool	81,012	95,227	46,216	35,524
Total Business-Type Activities	\$ 2,208,014	\$ 2,199,309	\$ 626,461	\$ 592,522

The City's reliance upon general tax revenues is demonstrated by the Table 2 indicating approximately 56.5% of total governmental revenues from local taxes, as well as the net cost of services column for governmental activities in Table 3 above reflecting the need for support.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of the current year, the City's governmental funds reported combined ending fund balances of approximately \$1.5 million, remaining consistent with the previous year.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2014 and 2013.

	Fund Balance (Deficit) 12/31/2014	Fund Balance 12/31/2013	Increase (Decrease)
General Fund	\$ 252,187	\$ 355,265	\$ (103,078)
Street Construction fund	275,009	180,023	94,986
Emergency Ambulance fund	367,501	354,948	12,553
Emergency Fire fund	379,779	369,393	10,386
Twin Creeks Infrastructure Bonds fund	(68,371)	1,798	(70,169)
Other governmental funds	321,042	202,691	118,351
Total	<u>\$ 1,527,147</u>	<u>\$ 1,464,118</u>	<u>\$ 63,029</u>

The General Fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was \$188,623, while total fund balance was \$252,187. The \$103,078 decrease in the result of operating subsidies to other funds, which totaled \$257,150 during 2014.

The Street Construction Fund accounts for the City's street repair, maintenance and improvement activities. The increase in fund balance represents the amount by which property taxes and grants exceeded costs of street maintenance and improvement.

The fund balance increase in the Emergency Ambulance Fund represents the amount by which property tax revenues and customer charges exceeded costs of providing services during the year.

The fund balance increase in the Emergency Fire Fund represents the amount by which property tax revenues exceeded costs of providing fire services during the year.

The fund balance decrease in the Twin Creeks Infrastructure Bonds Fund represents the amount by which debt service expenditures exceeded special assessment revenues during the year. The City's General Fund was unable to provide funds to the Twin Creeks Infrastructure Bonds Fund in 2014.

The fund balance increase in the Other Government Funds is primarily the result of funds provided by the City's General Fund to pay for current and prior year debt service expenditures.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

Proprietary Funds

At year-end, unrestricted net position in the Water Fund amounted to negative \$792,277. Total Water Fund net position decreased \$181,981, or 29.8%, from the previous year. This decrease in net position is the result of an operating loss of \$158,195 and debt interest payments totaling \$63,786, offset by \$40,000 in capital grant funds.

At year-end, unrestricted net position in the Sewer Fund amounted to negative \$475,749. Total Sewer Fund net position decreased \$374,417, or 369.5%, from the previous year. This decrease in net position is the result of an operating loss of \$359,594 and debt interest payments totaling \$14,823.

GENERAL FUND BUDGETARY INFORMATION

The City's final revenues estimate was \$45,000, or 3.2%, more than the original estimate. Actual budgetary revenues were \$36,253, or 2.5%, less than the final revenue estimate.

The City's final appropriations were \$45,000, or 3.0%, more than original appropriations. Actual budgetary expenditures were \$40,466 less than final appropriations. This decrease is primarily the result of the City opting to transfer less funds to the debt service and swimming pool funds.

CAPITAL ASSETS

At year-end, the City's investment in capital assets for governmental and business-type activities totaled approximately \$5.3 million and \$2.1 million (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, land improvements, buildings, equipment, furniture, vehicles, and infrastructure.

Total acquisitions (capital outlay) for the current year was \$406,952 and depreciation expense was approximately \$1.3 million.

Detailed information regarding capital asset activity is included in the Note 7 to the basic financial statements.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

LONG-TERM DEBT

At the end of the current year, the City had total long-term debt outstanding of approximately \$5.3 million. Of this amount, approximately \$1.9 million represents bonds and notes backed by the full faith and credit of the City and \$3.4 million represents OPWC and OWDA loans secured by specified revenue sources.

Detailed information regarding long-term debt is included in Note 9 to the basic financial statements.

CONTACTING THE CITY

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact Colleen Harris, City Finance Director, 331 South Church Street, New Carlisle, Ohio 45344.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF NET POSITION (DEFICIT)
DECEMBER 31, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Pooled Cash and Cash Equivalents	\$ 1,159,114	\$ 208,865	\$ 1,367,979
Investments	72,506	-	72,506
Receivables:			
Taxes	1,608,374	-	1,608,374
Accounts	198,001	261,386	459,387
Due From Other Governments	215,926	-	215,926
Prepaid Items	50,191	15,209	65,400
Special Assessments Receivable	1,092,047	-	1,092,047
Property Held for Resale	126,000	-	126,000
NonDepreciable Capital Assets	264,393	616,930	881,323
Depreciable Capital Assets, Net	5,070,360	1,433,325	6,503,685
Total Assets	<u>9,856,912</u>	<u>2,535,715</u>	<u>12,392,627</u>
Liabilities			
Accounts Payable	17,018	-	17,018
Contracts Payable	-	316,780	316,780
Accrued Wages and Benefits	50,351	20,303	70,654
Due To Other Governments	62,498	25,286	87,784
Long-Term Liabilities			
Due Within One Year	153,903	401,634	555,537
Due in More Than One Year	1,861,614	2,999,219	4,860,833
Total Liabilities	<u>2,145,384</u>	<u>3,763,222</u>	<u>5,908,606</u>
Deferred Inflows of Resources			
Property Taxes	659,816	-	659,816
Total Deferred Inflow of Resources	<u>659,816</u>	<u>-</u>	<u>659,816</u>
Net Position			
Net Investment in Capital Assets	3,391,709	39,560	3,431,269
Restricted For:			
Capital Projects	2,828	-	2,828
Debt Service	1,029,366	-	1,029,366
Highways and Streets	467,349	-	467,349
Public Safety	586,713	-	586,713
Public Health	785,755	-	785,755
Community Environment	21,565	-	21,565
Unrestricted	766,427	(1,267,067)	(500,640)
Total Net Position (Deficit)	<u>\$ 7,051,712</u>	<u>\$ (1,227,507)</u>	<u>\$ 5,824,205</u>

See accompanying notes to the basic financial statements

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 810,265	\$ 49,678	\$ 1,331	\$ -
Security of Persons and Property	732,843	96,338	34,192	-
Leisure-Time Activities	72,081	-	-	-
Health	936,600	668,700	37,538	-
Community Environment	69,689	-	-	-
Transportation	366,600	4,583	314,842	-
Interest on Long-Term Debt	111,128	-	-	-
Total Governmental Activities	3,099,206	819,299	387,903	-
Business-type Activities:				
Water	1,005,164	767,683	-	40,000
Sewer	1,121,838	739,074	-	-
Swimming Pool	81,012	34,796	-	-
Total Business-Type Activities	2,208,014	1,541,553	-	40,000
Total Government	\$ 5,307,220	\$ 2,360,852	\$ 387,903	\$ 40,000

General Revenues:
Property Taxes
Income Taxes
Other Local Taxes
Unrestricted Grants and Entitlements
Other Unrestricted Revenues
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position (Deficit) at Beginning of Year
Net Position (Deficit) at End of Year

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (759,256)	\$ -	\$ (759,256)
(602,313)	-	(602,313)
(72,081)	-	(72,081)
(230,362)	-	(230,362)
(69,689)	-	(69,689)
(47,175)	-	(47,175)
(111,128)	-	(111,128)
<u>(1,892,004)</u>	<u>-</u>	<u>(1,892,004)</u>
-	(197,481)	(197,481)
-	(382,764)	(382,764)
-	(46,216)	(46,216)
-	<u>(626,461)</u>	<u>(626,461)</u>
<u>(1,892,004)</u>	<u>(626,461)</u>	<u>(2,518,465)</u>
709,262	-	709,262
868,302	-	868,302
125,621	-	125,621
67,750	-	67,750
35,424	29,485	64,909
(66,849)	66,849	-
<u>1,739,510</u>	<u>96,334</u>	<u>1,835,844</u>
<u>(152,494)</u>	<u>(530,127)</u>	<u>(682,621)</u>
7,204,206	(697,380)	6,506,826
<u>\$ 7,051,712</u>	<u>\$ (1,227,507)</u>	<u>\$ 5,824,205</u>

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	General Fund	Street Construction	Emergency Ambulance	Emergency Fire
Assets:				
Pooled Cash and Cash Equivalents	\$ -	\$ 211,872	\$ 350,162	\$ 355,961
Investments	-	-	-	-
Receivables:				
Taxes	798,975	190,939	213,153	308,054
Accounts	44,650	-	148,066	-
Due From Other Governments	25,825	117,234	11,368	16,421
Due From Other Funds	52,709	15,662	-	-
Prepaid Items	25,537	6,830	7,496	7,496
Special Assessments Receivable	14,878	-	-	-
Property Held for Resale	-	-	-	-
Total Assets	\$ 962,574	\$ 542,537	\$ 730,245	\$ 687,932
Liabilities:				
Accounts Payable	\$ 9,912	\$ -	\$ -	\$ -
Accrued Wages and Benefits	14,543	3,433	24,920	2,815
Due To Other Governments	21,844	6,410	27,369	3,244
Due to Other Funds	-	-	-	-
Total Liabilities	46,299	9,843	52,289	6,059
Deferred Inflows of Resources:				
Unavailable Revenue	536,141	150,977	191,332	129,935
Property and Other Local Taxes	127,947	106,708	119,123	172,159
Total Deferred Inflows of Resources	664,088	257,685	310,455	302,094
Fund Balances:				
Nonspendable:				
Prepaid Items	25,537	6,830	7,496	7,496
Restricted for:				
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Highways and Streets	-	268,179	-	-
Public Safety	-	-	-	372,283
Public Health	-	-	360,005	-
Community Environment	-	-	-	-
Assigned for:				
Future Appropriations	38,027	-	-	-
Unassigned (Deficit)	188,623	-	-	-
Total Fund Balances (Deficit)	252,187	275,009	367,501	379,779
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 962,574	\$ 542,537	\$ 730,245	\$ 687,932

See accompanying notes to the basic financial statements

Twin Creeks Infrastructure Bonds	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 241,119	\$ 1,159,114
-	72,506	72,506
-	97,253	1,608,374
-	5,285	198,001
-	45,078	215,926
-	-	68,371
-	2,832	50,191
997,641	79,528	1,092,047
126,000	-	126,000
<u>\$ 1,123,641</u>	<u>\$ 543,601</u>	<u>\$ 4,590,530</u>
\$ -	\$ 7,106	\$ 17,018
-	4,640	50,351
-	3,631	62,498
68,371	-	68,371
<u>68,371</u>	<u>15,377</u>	<u>198,238</u>
1,123,641	73,303	2,205,329
-	133,879	659,816
<u>1,123,641</u>	<u>207,182</u>	<u>2,865,145</u>
-	2,832	50,191
-	2,828	2,828
-	845	845
-	84,749	352,928
-	51,421	423,704
-	156,802	516,807
-	21,565	21,565
-	-	38,027
(68,371)	-	120,252
<u>(68,371)</u>	<u>321,042</u>	<u>1,527,147</u>
<u>\$ 1,123,641</u>	<u>\$ 543,601</u>	<u>\$ 4,590,530</u>

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**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

Total Governmental Fund Balances	\$ 1,527,147
 <i>Amounts reported for governmental activities in 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.	5,334,753
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable in the funds.	
Delinquent Property Taxes	382,617
Income Taxes	416,299
EMS Receivables	101,420
Cemetery Receivables	5,285
Intergovernmental Receivables	161,189
Special Assessment Receivables	1,138,519
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position.	
Unamortized Premium on Bonds	(31,025)
Long-Term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences Payable	(41,448)
Capital Lease	(15,442)
General Obligation Debt	<u>(1,927,602)</u>
 Net Position of Governmental Activities	 <u><u>\$ 7,051,712</u></u>

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Street Construction	Emergency Ambulance	Emergency Fire
Revenues:				
Property Taxes	\$ 133,631	\$ 111,458	\$ 124,313	\$ 179,672
Income Taxes	962,722	-	-	-
Other Local Taxes	125,621	-	-	-
Charges for Services	-	-	553,868	-
Licenses, Permits, and Fees	29,257	-	-	-
Fines and Forfeitures	20,421	-	-	-
Intergovernmental	67,813	233,086	27,962	34,192
Special Assessments	17,987	-	-	-
Other	24,424	4,583	7,225	1,295
Total Revenues	<u>1,381,876</u>	<u>349,127</u>	<u>713,368</u>	<u>215,159</u>
Expenditures:				
Current Operations and Maintenance:				
General Government	702,174	-	-	-
Security of Persons and Property	394,287	-	-	152,622
Leisure-Time Activities	60,792	-	-	-
Health	-	-	683,027	-
Community Environment	62,085	-	-	-
Transportation	-	246,756	-	-
Capital Outlay	22,807	7,385	9,548	10,698
Debt Service:				
Principal Retirement	4,675	-	8,000	28,570
Interest and Fiscal Charges	984	-	240	12,883
Total Expenditures	<u>1,247,804</u>	<u>254,141</u>	<u>700,815</u>	<u>204,773</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	134,072	94,986	12,553	10,386
Other Financing Sources (Uses):				
Sale of Capital Assets	20,000	-	-	-
Transfers In	-	-	-	-
Transfers Out	(257,150)	-	-	-
Total Other Financing Sources (Uses)	<u>(237,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(103,078)	94,986	12,553	10,386
Fund Balance at Beginning of Year	355,265	180,023	354,948	369,393
Fund Balance (Deficit) at End of Year	<u>\$ 252,187</u>	<u>\$ 275,009</u>	<u>\$ 367,501</u>	<u>\$ 379,779</u>

See accompanying notes to the basic financial statements

Twin Creeks Infrastructure Bonds	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 56,688	\$ 605,762
-	-	962,722
-	-	125,621
-	86,004	639,872
-	-	29,257
-	-	20,421
-	114,881	477,934
15,600	83,109	116,696
-	1,043	38,570
<u>15,600</u>	<u>341,725</u>	<u>3,016,855</u>
600	56	702,830
-	88,603	635,512
-	-	60,792
-	137,455	820,482
-	-	62,085
-	73,576	320,332
-	2,297	52,735
40,000	55,000	136,245
45,169	56,688	115,964
<u>85,769</u>	<u>413,675</u>	<u>2,906,977</u>
(70,169)	(71,950)	109,878
-	-	20,000
-	190,301	190,301
-	-	(257,150)
<u>-</u>	<u>190,301</u>	<u>(46,849)</u>
(70,169)	118,351	63,029
1,798	202,691	1,464,118
<u>\$ (68,371)</u>	<u>\$ 321,042</u>	<u>\$ 1,527,147</u>

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**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	63,029
<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.		
Capital Outlay		23,885
Depreciation		(357,380)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes		103,500
Income Taxes		(94,420)
EMS Charges		29,320
Cemetery Charges		(8,760)
Intergovernmental Revenues		(22,281)
Special Assessments		(30,653)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Repayment of Long-term Debt		131,570
Capital Lease Payment		4,675
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Premium on Bonds		4,836
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		185
Change in Net Position of Governmental Activities	\$	<u>(152,494)</u>

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Property Taxes	\$ 144,580	\$ 144,580	\$ 134,947	\$ (9,633)
Income tax	980,000	980,000	962,204	(17,796)
Other Local Taxes	131,000	131,000	131,288	288
Licenses and Permits	28,340	28,340	29,257	917
Fines and Forfeitures	22,000	22,000	20,421	(1,579)
Intergovernmental	51,374	51,374	88,613	37,239
Special Assessments	10,000	10,000	17,987	7,987
Other	3,100	3,100	24,424	21,324
Total Revenues	<u>1,370,394</u>	<u>1,370,394</u>	<u>1,409,141</u>	<u>38,747</u>
Expenditures				
General Government	690,174	717,265	710,354	6,911
Security of Persons and Property	394,406	399,229	396,999	2,230
Leisure-Time Activities	63,877	62,446	60,735	1,711
Community Environment	62,011	62,283	61,360	923
Capital Outlay	59,300	28,545	28,466	79
Total Expenditures	<u>1,269,768</u>	<u>1,269,768</u>	<u>1,257,914</u>	<u>11,854</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	100,626	100,626	151,227	50,601
Other Financing Sources/(Uses)				
Sale of Assets	50,000	50,000	20,000	(30,000)
Operating Transfers In	-	45,000	-	(45,000)
Transfers Out	(240,762)	(285,762)	(257,150)	28,612
Total Other Financing Uses	<u>(190,762)</u>	<u>(190,762)</u>	<u>(237,150)</u>	<u>(46,388)</u>
Net Change in Fund Balance	(90,136)	(90,136)	(85,923)	4,213
Fund Balance at Beginning of Year	137,724	137,724	137,724	-
Prior Year Encumbrances Appropriated	908	908	908	-
Fund Balance at End of Year	<u>\$ 48,496</u>	<u>\$ 48,496</u>	<u>\$ 52,709</u>	<u>\$ 4,213</u>

See accompanying notes to the basic financial statements

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
STREET CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Property Taxes	\$ 120,580	\$ 120,580	\$ 112,555	\$ (8,025)
Intergovernmental	225,275	225,275	230,261	4,986
Other	3,000	3,000	4,583	1,583
Total Revenues	<u>348,855</u>	<u>348,855</u>	<u>347,399</u>	<u>(1,456)</u>
Expenditures				
Transportation	221,974	340,003	253,347	86,656
Capital Outlay	32,833	14,804	13,218	1,586
Total Expenditures	<u>254,807</u>	<u>354,807</u>	<u>266,565</u>	<u>88,242</u>
Net Change in Fund Balance	94,048	(5,952)	80,834	86,786
Fund Balance at Beginning of Year	140,592	140,592	140,592	-
Prior Year Encumbrances Appropriated	5,858	5,858	5,858	-
Fund Balance at End of Year	<u>\$ 240,498</u>	<u>\$ 140,498</u>	<u>\$ 227,284</u>	<u>\$ 86,786</u>

See accompanying notes to the basic financial statements

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
EMERGENCY AMBULANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Property Taxes	\$ 140,077	\$ 134,608	\$ 125,537	\$ (9,071)
Charges for Services	527,800	527,800	548,604	20,804
Intergovernmental	20,820	20,314	27,962	7,648
Other	-	-	7,225	7,225
Total Revenues	<u>688,697</u>	<u>682,722</u>	<u>709,328</u>	<u>26,606</u>
Expenditures				
Health	672,677	677,129	667,588	9,541
Capital Outlay	28,000	23,548	9,548	14,000
Debt Service:				
Principal Retirement	8,000	8,000	8,000	-
Interest and Fiscal Charges	1,350	1,350	240	1,110
Total Expenditures	<u>710,027</u>	<u>710,027</u>	<u>685,376</u>	<u>24,651</u>
Net Change in Fund Balance	(21,330)	(27,305)	23,952	51,257
Fund Balance at Beginning of Year	326,210	326,210	326,210	-
Fund Balance at End of Year	<u>\$ 304,880</u>	<u>\$ 298,905</u>	<u>\$ 350,162</u>	<u>\$ 51,257</u>

See accompanying notes to the basic financial statements

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
EMERGENCY FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Property Taxes	\$ 203,114	\$ 194,540	\$ 181,442	\$ (13,098)
Intergovernmental	23,073	22,456	34,192	11,736
Other	1,000	1,000	1,295	295
Total Revenues	<u>227,187</u>	<u>217,996</u>	<u>216,929</u>	<u>(1,067)</u>
Expenditures				
Security of Persons and Property	143,053	156,355	151,815	4,540
Capital Outlay	52,000	37,245	10,698	26,547
Debt Service:				
Principal Retirement	27,090	27,090	28,571	(1,481)
Interest and Fiscal Charges	12,910	14,363	12,882	1,481
Total Expenditures	<u>235,053</u>	<u>235,053</u>	<u>203,966</u>	<u>31,087</u>
Net Change in Fund Balance	(7,866)	(17,057)	12,963	30,020
Fund Balance at Beginning of Year	342,998	342,998	342,998	-
Fund Balance at End of Year	<u>\$ 335,132</u>	<u>\$ 325,941</u>	<u>\$ 355,961</u>	<u>\$ 30,020</u>

See accompanying notes to the basic financial statements

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF NET POSITION (DEFICITS)
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Water Fund	Sewer Fund	Nonmajor Swimming Pool	Total
Assets				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 46,206	\$ 162,659	\$ -	\$ 208,865
Accounts Receivable	131,813	129,573	-	261,386
Prepaid Items	8,713	3,831	2,665	15,209
Total Current Assets	<u>186,732</u>	<u>296,063</u>	<u>2,665</u>	<u>485,460</u>
Noncurrent Assets:				
NonDepreciable Capital Assets	371,408	209,195	36,327	616,930
Depreciable Capital Assets, Net	1,197,684	232,408	3,233	1,433,325
Total Noncurrent Assets	<u>1,569,092</u>	<u>441,603</u>	<u>39,560</u>	<u>2,050,255</u>
Total Assets	<u>1,755,824</u>	<u>737,666</u>	<u>42,225</u>	<u>2,535,715</u>
Liabilities				
Current Liabilities				
Contracts Payable	316,780	-	-	316,780
Accrued Wages and Benefits	8,544	11,759	-	20,303
Due To Other Governments	10,586	12,994	1,706	25,286
Compensated Absences	4,109	2,730	-	6,839
Loans Payable	165,857	228,938	-	394,795
Total Current Liabilities	<u>505,876</u>	<u>256,421</u>	<u>1,706</u>	<u>764,003</u>
Noncurrent Liabilities				
Loans Payable	2,031,633	948,070	-	2,979,703
Compensated Absences	10,592	8,924	-	19,516
Total Noncurrent Liabilities	<u>2,042,225</u>	<u>956,994</u>	<u>-</u>	<u>2,999,219</u>
Total Liabilities	<u>2,548,101</u>	<u>1,213,415</u>	<u>1,706</u>	<u>3,763,222</u>
Net Position				
Net Investment in Capital Assets	-	-	39,560	39,560
Unrestricted Net Position	(792,277)	(475,749)	959	(1,267,067)
Total Net Position (Deficits)	<u>\$ (792,277)</u>	<u>\$ (475,749)</u>	<u>\$ 40,519</u>	<u>\$ (1,227,507)</u>

See accompanying notes to the basic financial statements

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICITS)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Water Fund	Sewer Fund	Nonmajor Swimming Pool	Total
Operating Revenues				
Charges for Services	\$ 767,683	\$ 739,074	\$ 34,796	\$ 1,541,553
Other Operating Revenues	15,500	8,347	5,638	29,485
Total Operating Revenues	<u>783,183</u>	<u>747,421</u>	<u>40,434</u>	<u>1,571,038</u>
Operating Expenses				
Personal Services	309,066	389,927	44,073	743,066
Contractual Services	120,956	171,073	20,823	312,852
Materials and Supplies	93,529	30,398	15,103	139,030
Depreciation	417,594	514,437	498	932,529
Other Operating Expenses	233	1,180	515	1,928
Total Operating Expenses	<u>941,378</u>	<u>1,107,015</u>	<u>81,012</u>	<u>2,129,405</u>
Operating Loss	<u>(158,195)</u>	<u>(359,594)</u>	<u>(40,578)</u>	<u>(558,367)</u>
Nonoperating Revenues (Expenses)				
Intergovernmental Revenue	40,000	-	-	40,000
Interest and Fiscal Charges	(63,786)	(14,823)	-	(78,609)
Total Non-Operating Revenues (Expenses)	<u>(23,786)</u>	<u>(14,823)</u>	<u>-</u>	<u>(38,609)</u>
Loss Before Transfers	(181,981)	(374,417)	(40,578)	(596,976)
Transfer In	<u>-</u>	<u>-</u>	<u>66,849</u>	<u>66,849</u>
Change in Net Position	(181,981)	(374,417)	26,271	(530,127)
Net Position (Deficits) at Beginning of Year	(610,296)	(101,332)	14,248	(697,380)
Net Position (Deficits) at End of Year	<u>\$ (792,277)</u>	<u>\$ (475,749)</u>	<u>\$ 40,519</u>	<u>\$ (1,227,507)</u>

See accompanying notes to the basic financial statements

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Water Fund	Sewer Fund	Nonmajor Swimming Pool	Total
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 759,280	\$ 746,275	\$ 34,796	\$ 1,540,351
Other Operating Receipts	15,500	8,347	5,638	29,485
Cash Paid to Employees	(306,278)	(395,462)	(43,452)	(745,192)
Cash Paid to Suppliers	(216,164)	(205,044)	(36,080)	(457,288)
Cash Paid for Other Expenses	(233)	(1,180)	(515)	(1,928)
Net Cash Provided by (Used in) Operating Activities	<u>252,105</u>	<u>152,936</u>	<u>(39,613)</u>	<u>365,428</u>
Cash Flows from Noncapital Financing Activities				
Advances Out	-	-	(27,236)	(27,236)
Transfers In	-	-	66,849	66,849
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>39,613</u>	<u>39,613</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(55,239)	(3,391)	-	(58,630)
Proceeds from Capital Grants	40,000	-	-	40,000
Payment of Debt Principal	(161,421)	(220,732)	-	(382,153)
Payment of Debt Interest	(63,689)	(14,823)	-	(78,512)
Net Cash Used in Capital and Related Financing Activities	<u>(240,349)</u>	<u>(238,946)</u>	<u>-</u>	<u>(479,295)</u>
Net Change in Cash and Cash Equivalents	11,756	(86,010)	-	(74,254)
Cash and Cash Equivalents, Beginning of Year	34,450	248,669	-	283,119
Cash and Cash Equivalents, End of Year	<u>\$ 46,206</u>	<u>\$ 162,659</u>	<u>\$ -</u>	<u>\$ 208,865</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used In) Operating Activities:				
Operating Loss	\$ (158,195)	\$ (359,594)	\$ (40,578)	\$ (558,367)
Depreciation Expense	417,594	514,437	498	932,529
(Increase)/Decrease in Current Assets				
Accounts Receivable	(8,403)	7,201	-	(1,202)
Prepaid Items	2,078	2,102	(109)	4,071
Increase/(Decrease) in Current Liabilities				
Accounts Payable	(3,757)	(5,675)	(45)	(9,477)
Accrued Wages and Benefits	(160)	185	-	25
Compensated Absences	790	(7,542)	-	(6,752)
Due to Other Governments	2,158	1,822	621	4,601
Net Cash Provided by (Used in) Operating Activities	<u>\$ 252,105</u>	<u>\$ 152,936</u>	<u>\$ (39,613)</u>	<u>\$ 365,428</u>

Non-Cash Capital Transactions:

In 2014, the City acquired/constructed infrastructure assets in exchange for an OWDA Automated Meter Upgrade Loan Payable in the amount of \$7,754 (of which \$97 is capitalized interest).

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 1 – REPORTING ENTITY

The City of New Carlisle (City) is a charter municipal corporation operating under the laws of the State of Ohio. The City was established as a statutory municipal corporation on February 13, 1971, and adopted its charter on November 4, 1980.

The City operates under a Council-Manager form of government. Legislative power is vested in a seven member council. Each member is elected to a four year term. The Mayor is elected to a two year term from among the council's own membership. The Mayor is the ceremonial and representative head of the City, but does not exercise administrative authority. The Mayor also serves as presiding officer of the council. The council appoints a City Manager for an indefinite term who acts as the chief administrative officer of the City. All department heads are appointed by the City Manager.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

The primary government consists of all funds and departments which comprise the City's legal entity, which provides various services including emergency ambulance service, fire protection, health services, street maintenance and repairs, parks and recreation, water and sewer services and contracted police protection with the Clark County Sheriff's Department. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. There are no component units included as part of the reporting entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net position (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement focus, basis of accounting, and financial statement presentation

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

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

Taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition increasing net position of the City that is applicable to a future reporting period. A deferred outflow of resources is a consumption decreasing net position of the City that is applicable to a future reporting period.

Property taxes and special assessments for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance fiscal year 2015 operations, are reported as deferred inflows of resources on both the governmental fund and government-wide financials statements. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue on both the governmental fund and government-wide financial statements.

Revenues earned but not received within the City's availability period are recorded as unavailable revenue on the fund financial statements.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Street Construction Fund* accounts for street improvement and construction activities.

The *Emergency Ambulance Fund* accounts for ambulance services provided by the City.

The *Emergency Fire Fund* accounts for fire services provided by the City.

The *Twin Creeks Infrastructure Bonds fund* accounts for special assessment collections and debt service payments related to the Twin Creeks infrastructure improvements.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the water department. The water department operates the water distribution system.

The *Sewer Fund* accounts for the activities of the sewer department. The sewer department operates the sewage treatment plant, sewage pumping stations and sewage collection systems.

The City's *Swimming Pool Fund*, which accounts for the activities of the City's swimming pool, is not a major fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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 operations. The principal operating revenues of the enterprise funds are charges to customers for sales or services. Operating expenses for enterprise funds include the cost of sales or services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled, except as specifically stipulated by ordinance. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. The City's pooled cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

During 2014, the City invested in a certificate of deposit and the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The reported value of investments in STAR Ohio is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

At December 31, 2014, to eliminate the negative cash balance in the fund, the Twin Creeks Infrastructure Bonds Fund reported \$68,371 due to other funds, of which \$52,709 was due to the General Fund and \$15,662 was due to the Street Construction Fund.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life exceeding one year. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20
Improvements Other Than Building	5
Machinery and Equipment	20
Furniture and Fixtures	20
Computer Equipment	5
Vehicles	10
Infrastructure	20-50

For proprietary funds, interest is capitalized on assets acquired with tax-exempt debt. The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between interest cost associated with tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All accumulated vacation leave and vested accumulated sick leave is recorded as a liability in the government-wide and proprietary fund financial statements. In the governmental funds, accumulated vacation leave and vested accumulated sick leave that is expected to be liquidated with available financial resources are recorded as an expenditure/fund liability of the fund that will pay it.

I. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method and are reflected as an adjustment to interest expense for the period. Bonds payable are reported net of the applicable unamortized bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Bond discounts or premiums are (1) shown as additions to, or deletions from, the account of the bond liability, (2) amortized using the straight-line method, and (3) reflected as an adjustment to interest expense for the period in the proprietary fund.

J. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting* became effective for years beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In accordance with this guidance, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The City may use the following categories:

Nonspendable - resources that are not in a spendable form (prepaids) or have legal or contractual requirements to maintain the balance intact.

Restricted - resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed - resources that can be used only for specific purposes pursuant to constraints imposed by formal action (resolution) of the City's highest level of decision-making authority (City Council).

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned - resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. This includes the residual balance of all governmental funds other than the General Fund that were not classified elsewhere above.

Unassigned - residual fund balance within the General Fund not classified elsewhere above and all other governmental fund balances which have a negative fund balance.

The City applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted fund balance/net position are available. The City considers assigned and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

K. Interfund Transactions

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

During the normal course of operations, the City has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are treated similarly when involving other funds of the City.

L. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Property Held for Resale

The City acquired land at the Twin Creeks development through a land reutilization program. The City intends for the land to be sold to developers to promote residential growth within the City. Transactions are conducted through the City's Twin Creeks Infrastructure Bonds fund.

N. 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 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. The City's legal level of budgetary control is established at the fund level. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal 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 an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during 2014.

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 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 at the legal level of control may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the original and 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 reappropriated as part of the subsequent year appropriations.

O. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements. There was no such activity during 2014.

P. 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 City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2014.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations, and changes in fund balances on the basis of United States 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, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual – for the General Fund and the Street Construction, Emergency Ambulance and Emergency Fire special revenue funds 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 GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance.

The adjustments necessary to convert the results of operations for the year ended December 31, 2014, on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balances

	<u>General Fund</u>	<u>Street Construction</u>	<u>Emergency Ambulance</u>	<u>Emergency Fire</u>
GAAP Basis	\$ (103,078)	\$ 94,986	\$ 12,553	\$ 10,386
Revenue Accruals	4,815	(1,728)	(4,040)	1,770
Expenditure Accruals	12,340	(12,174)	15,439	807
Encumbrances	-	(250)	-	-
Budget Basis	<u>\$ (85,923)</u>	<u>\$ 80,834</u>	<u>\$ 23,952</u>	<u>\$ 12,963</u>

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**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 4 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City 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 City 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 the City 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.

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 bills, bonds, notes, or any other obligation or security issued by the U.S. Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 2 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in any 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 noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 City, 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 investment to the Finance Director, or qualified trustee, unless the securities are not represented by a certificate, in which payment may be made upon receipt of confirmation of transfer from the custodian.

Deposits - At year-end, the carrying amount of the City's deposits was \$1,176,053, which includes a certificate of deposit totaling \$72,506, and the bank balance was \$1,214,076. Of the bank balance, \$573,032 was covered by federal depository insurance and the remaining amount was covered by collateral held by third party trustees pursuant to Section 135.181 Revised Code, in collateralized pools securing all public funds on deposit with the specific depository institutions.

Investments – At year-end, the City's only investment was with STAR Ohio totaling \$264,432. Deposits in STAR Ohio are reported as part of Cash and Cash Equivalents. Investments reflected on the financial statements represent the \$72,506 held in the certificates of deposit at December 31, 2014. The City has no deposit policy for custodial risk beyond the requirements of State statute.

Interest Rate Risk - The City's investment policy does not address interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation of debt of the City. The City's policy also states that, to the extent possible and prudent, the City will attempt to match its investment maturities with anticipated cash flow requirements. At year-end, the City's investments were not exposed to interest rate risk.

Credit Risk - Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy states that credit risk will be minimized by diversifying assets and ensuring that the minimum credit quality ratings required by Ohio Law exist. STAROhio carries a rating of AAA by Standard and Poor's.

NOTE 5 – TAXES RECEIVABLE

Taxes receivable at year-end consisted of property and income taxes as listed below:

	Property Taxes	Income Taxes	Total
General Fund	\$ 228,943	\$ 570,032	\$ 798,975
Street Construction	190,939	-	190,939
Emergency Ambulance Fund	213,153	-	213,153
Emergency Fire Fund	308,054	-	308,054
Other Governmental Funds	97,253	-	97,253
Totals	<u>\$ 1,038,342</u>	<u>\$ 570,032</u>	<u>\$ 1,608,374</u>

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 6 – TAXES

A. Municipal Income Tax - The City levies and collects a one percent income tax on all income earned within the City as well as on incomes of residents earned outside the City. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. During the year, income tax revenue was allocated entirely to the General Fund.

B. Property Taxes - Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2014 for real and public utility property taxes represents collections of the 2013 taxes.

The 2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by the State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes which became a lien on December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The total assessed property tax valuation for tax year 2013, upon which 2014 property tax receipts were based, was \$66,927,720.

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 earlier or later payment dates to be established.

The County Treasurer collects property tax on behalf of all taxing districts in the County, including the City of New Carlisle. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2014 and for which there is an enforceable legal claim. In the General Fund, Street Construction Fund, Emergency Ambulance Fund, Emergency Fire Fund, and Other Governmental Funds, the portion of the receivable not levied to finance 2014 operations is offset to deferred inflows of resources – property and other local taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 7 – CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2014, was as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
<i>Non-depreciated assets:</i>				
Land	\$ 264,393	\$ -	\$ -	\$ 264,393
Total Non-depreciable assets	<u>264,393</u>	<u>-</u>	<u>-</u>	<u>264,393</u>
<i>Capital assets, being depreciated:</i>				
Buildings	668,362	-	-	668,362
Improvements Other than Buildings	286,472	-	-	286,472
Machinery and Equipment	1,616,608	5,833	-	1,622,441
Furniture and Fixtures	87,291	-	-	87,291
Computer Equipment	141,743	6,543	-	148,286
Vehicles	1,651,854	1,300	-	1,653,154
Infrastructure	5,425,393	10,209	-	5,435,602
Total Depreciable Capital Assets	<u>9,877,723</u>	<u>23,885</u>	<u>-</u>	<u>9,901,608</u>
<i>Accumulated Depreciation:</i>				
Buildings	588,846	33,418	-	622,264
Improvements Other than Buildings	292,931	-	-	292,931
Machinery and Equipment	1,013,004	81,122	-	1,094,126
Furniture and Fixtures	73,819	4,365	-	78,184
Computer Equipment	140,348	7,938	-	148,286
Vehicles	1,637,091	16,063	-	1,653,154
Infrastructure	727,829	214,474	-	942,303
Total Accumulated Depreciation	<u>4,473,868</u>	<u>357,380</u>	<u>-</u>	<u>4,831,248</u>
Depreciable Capital Assets, net	<u>5,403,855</u>	<u>(333,495)</u>	<u>-</u>	<u>5,070,360</u>
 Total Capital Assets, net	 <u>\$ 5,668,248</u>	 <u>\$ (333,495)</u>	 <u>\$ -</u>	 <u>\$ 5,334,753</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 99,854
Security of Persons and Property	86,100
Leisure-Time Activities	11,646
Public Health	105,464
Community Environment	7,754
Transportation	46,562
Total Depreciation Expense	<u>\$ 357,380</u>

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Business-type capital asset activity for the year ended December 31, 2014, was as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciated assets:				
Land	\$ 252,595	\$ -	\$ -	\$ 252,595
Construction in Process	-	364,335	-	364,335
Total Non-depreciable assets	<u>252,595</u>	<u>364,335</u>	<u>-</u>	<u>616,930</u>
Capital assets, being depreciated:				
Buildings	5,802,395	-	-	5,802,395
Improvements Other than Buildings	1,028,634	-	-	1,028,634
Machinery and Equipment	5,878,148	7,591	-	5,885,739
Furniture and Fixtures	41,150	-	-	41,150
Computer Equipment	6,544	2,181	-	8,725
Vehicles	302,338	8,960	-	311,298
Infrastructure	7,937,902	-	-	7,937,902
Total Depreciable Capital Assets	<u>20,997,111</u>	<u>18,732</u>	<u>-</u>	<u>21,015,843</u>
Less accumulated depreciation:	<u>(18,649,989)</u>	<u>(932,529)</u>	<u>-</u>	<u>(19,582,518)</u>
Total Depreciable capital assets, net	<u>2,347,122</u>	<u>(913,797)</u>	<u>-</u>	<u>1,433,325</u>
Total Capital Assets, net	<u>\$ 2,599,717</u>	<u>\$ (549,462)</u>	<u>\$ -</u>	<u>\$ 2,050,255</u>

Depreciation expense was charged to business-type programs as follows:

Water	\$ 417,594
Sewer	514,437
Swimming Pool	498
Total	<u>\$ 932,529</u>

NOTE 8 – LEASE ACTIVITY

A. Operating Lease - The City leases their municipal office space at 331 South Church Street under an operating lease agreement. Total costs for this operating lease were \$22,440 (\$1,870 per month) for the fiscal year.

B. Capital Lease - The City entered into a five-year capitalized lease for the acquisition of radio equipment during 2012. The leases meet the criteria of a capital lease, which defines a capital lease generally as one which transfers benefit and risk of ownership to the lessee. This capital lease has been recorded as a capital asset at the present value of the minimum lease payments as of the inception date. The capital lease is recorded as machinery and equipment of \$24,574 (\$14,744 accumulated depreciation).

The City will make annual payments of \$5,659 over the next three fiscal years (2015-2017) to retire the lease. The payments include a total of \$1,535 in interest payments.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 9 – LONG-TERM OBLIGATIONS

The City’s long-term debt activity for the year ended December 31, 2014, including amounts outstanding, interest rates, and purpose for which the debt was issued, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Governmental Activities					
General Obligation Bonds/Notes					
2011 Fire Truck					
5.25% maturing 2016	\$ 236,172	\$ -	\$ (28,570)	\$ 207,602	\$ 25,527
2009 Facilities and Equipment Bonds					
4.50%-6.75% maturing 2022	410,000	-	(35,000)	375,000	40,000
Facilities and Equipment Bonds Premium	6,235	-	(1,114)	5,121	-
Twin Creeks Special Assessment					
4.50% maturing 2026	760,000	-	(40,000)	720,000	45,000
Twin Creeks Bonds Premium	29,626	-	(3,722)	25,904	-
2010 General Obligation Bonds					
3.5-5.125% maturing 2035	645,000	-	(20,000)	625,000	20,000
2012 Medical Unit Acquisition Bonds					
3.99% maturing 2014	8,000	-	(8,000)	-	-
Capital Leases	20,117	-	(4,675)	15,442	4,904
Compensated Absences	41,633	47,676	(47,861)	41,448	18,472
Total Governmental Activities	<u>\$ 2,156,783</u>	<u>\$ 47,676</u>	<u>\$ (188,942)</u>	<u>\$ 2,015,517</u>	<u>\$ 153,903</u>

On September 1, 2006, the City issued Infrastructure Improvement Bonds totaling \$955,000 to payoff bond anticipation notes issued to provide funds for the Twin Creeks Subdivision improvements, consisting of streets, bridge, water, gas, electric, sanitary and storm sewers, curbing, gutters, storm water detention, and other improvements. These bonds will be repaid from special assessments levied against property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent collections at the time a debt service payment is due, the government must provide resources to cover the deficiency.

In 2006, the City received loan proceeds totaling \$395,000 for the purchase of a Fire Truck. The loan has an interest rate of 5.25% and will be repaid in full in 2011. The loan will be paid from the City’s Emergency Fire Fund. On June 6, 2011, the City refinanced the loan in the amount of \$296,348 which will be paid in full in 2016.

On May 5, 2009, the City issued general obligation bonds totaling \$525,000 to pay off bond anticipation notes issued for facilities and equipment. The bonds have interest rates ranging from 4.5% - 6.75% and mature on December 1, 2022. The bonds were sold at a premium of \$12,070 and bond issuance costs totaled \$8,020. The general obligation bonds will be paid from the City’s Bond Retirement Fund.

On June 24, 2010, the City issued general obligation bonds totaling \$725,000 to pay off bond anticipation notes issued for facilities and equipment. The bonds have interest rates ranging from 3.5% - 5.125% and mature on December 1, 2035. The general obligation bonds will be paid from the City’s Bond Retirement Fund.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

On February 1, 2012, the City issued general obligation bonds totaling \$20,000 to pay for a portion of acquiring and equipping a new medic unit for the fire department. The bonds have an interest rate of 3.99% and mature on November 1, 2014. The bonds will be paid from the City's Emergency Ambulance Fund.

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Business-type Activities					
Water Fund Loans:					
1997 OWDA Water Main 4.12% maturing 2016	\$ 1,341	\$ -	\$ (655)	\$ 686	\$ 686
2004 OPWC YMCA 0% maturing 2025	78,691	-	(7,157)	71,534	7,153
2005 OWDA WTP Improve. 2.85% maturing 2026	2,271,125	-	(153,609)	2,117,516	158,018
2015 OWDA Automated Meter Upgrade 2.66% maturing 2035	-	7,754	-	7,754	-
Total Water Fund Loans	2,351,157	7,754	(161,421)	2,197,490	165,857
Sewer Fund Loans:					
1997 OWDA Honey Creek 4.56% maturing 2016	310,971	-	(151,981)	158,990	158,990
1995 OWDA Sewer Line 7.38% maturing 2016	33,666	-	(16,234)	17,432	17,432
1996 OPWC Filter Building 0% maturing 2014	26,000	-	(13,000)	13,000	13,000
2004 OPWC YMCA 0% maturing 2025	72,636	-	(6,604)	66,032	6,603
2012 OPWC WWTP Improve. 0% maturing 2040	954,467	-	(32,913)	921,554	32,913
Total Sewer Fund Loans	1,397,740	-	(220,732)	1,177,008	228,938
Compensated Absences	33,107	35,362	(42,114)	26,355	6,839
Total Business-type Activities	\$ 3,782,004	\$ 43,116	\$ (424,267)	\$ 3,400,853	\$ 401,634

The Ohio Public Works Commission (OPWC) loans pertain to construction of a 16-inch water main from Smith Park to White Pine Street, the addition of a filter building at the wastewater treatment plant, and the water and sewer line extension to the Tecumseh YMCA. The OPWC loans will be paid from the operating revenues of the Sewer and Water enterprise funds.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

The Ohio Water Development Authority (OWDA) loans pertain to construction improvements at the wastewater treatment plant, planning of the Sewer Line North project, the Automated Meter Upgrade, and construction of a new water treatment plant. OWDA loans will be paid from the operating revenues of the Sewer and Water enterprise funds.

Compensated absences will be paid from the fund from which the employees' salaries are paid.

Annual debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
Governmental Activities:		
2015	\$ 130,527	\$ 107,331
2016	287,075	97,357
2017	110,000	86,601
2018	115,000	80,237
2019	125,000	73,575
2020-2024	600,000	251,621
2025-2029	315,000	101,708
2030-2034	200,000	43,263
2035-2039	45,000	2,306
	<u>1,927,602</u>	<u>\$ 843,999</u>
Unamortized Bond Premium	31,025	
	<u>\$ 1,958,627</u>	
Business-Type Activities*:		
2015	\$ 394,795	\$ 65,997
2016	209,222	54,696
2017	213,888	50,030
2018	218,688	45,230
2019	223,625	40,293
2020-2024	1,197,303	144,418
2025-2029	481,365	28,155
2030-2034	164,563	-
2035-2039	164,563	-
2040-2044	98,732	-
	<u>\$ 3,366,744</u>	<u>\$ 428,819</u>

* - The OWDA – Automated Meter Upgrade (#6754) loan did not have a debt to maturity as of December 31, 2014 due to the project still being in process and therefore was omitted from the annual debt requirement schedule.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 10 – DEFINED BENEFIT PENSION PLANS

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
2. The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
3. The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2014 member contribution rate for City employees was 10 percent of covered payroll. The 2014 employer contribution rate for the City was 14 percent of covered payroll. The City's required contributions to OPERS for the years ended December 31, 2014, 2013, and 2012 were \$154,438, \$154,693, and \$141,684 respectively. The full amount has been contributed for 2012 and 2013; 93 percent has been contributed for 2014 with the remainder being reported as a fund liability.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – 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 healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Funding Policy - The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 2.0 percent for 2014. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OPERS for post-employment benefits for the years ending December 31, 2014, 2013, and 2012 were \$22,063, \$11,045, and \$40,479, respectively. The full amount has been contributed for 2012 and 2013; 93 percent has been contributed for 2014 with the remainder being reported as a fund liability.

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 SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 12 – EMPLOYEE BENEFITS

A. Deferred Compensation Plan

Employees of the City may elect to participate in the ING Life Insurance and Annuity Company deferred compensation plan or the Ohio Public Employees deferred compensation plan. Under these programs, employees elect to defer a portion of their pay. The deferred pay and any income earned on it is not subject to federal and state income taxation until actually received by the employee. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

B. Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation leave on the first pay of the year (or their anniversary for first year employees) and allows the unused balance to be accumulated at levels which depend upon years of service. City employees are paid for earned, unused vacation leave at the time of termination of employment.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 12 – EMPLOYEE BENEFITS (CONTINUED)

Sick leave is earned at the rate of one and one-fourth days per month and can be accumulated without limit for each employee. Upon termination, 25 percent of accrued sick leave will be paid at the current rate of pay. In the event that an employee dies as the result of injuries sustained on the job, his or her beneficiary will receive all accrued sick leave at 50 percent of current rate of pay.

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the City was a member of the Public Entities Pool of Ohio, a risk sharing pool. The City's contract with the pool provides that in the event a casualty claim or series of casualty claims exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event that a series of casualty claims exhausts total net position plus any reinsurance and excess risk-sharing recoveries, then payment of such claims shall be the obligation of the City.

The Pool also provides various property coverages which are common to public entities. The pool's general and administrative expenses, reinsurance expenses due and payable in current year, current year claims and claims expenses for property risks, plus all or any portion of any deficiencies which may occur in the property Cumulative Reserve Fund and the pool's obligation to satisfy the requirements of any regulatory authority are funded by member contributions to the pool.

The type of coverage and limit for each is as follows:

Coverage	Limit
Legal Liability	\$ 2,000,000
Automobile Liability	2,000,000
Wrongful Acts	2,000,000
Stop Gap	2,000,000
Public Officials Liability	1,000,000
Public Health Department	2,000,000
Real & Personal Property	24,192,742

The Public Entities Pool of Ohio insurance program includes numerous other coverages related to vehicles, miscellaneous property, electronic data processing equipment, dishonesty, earthquake damage, and flood damage. These additional coverages have coverage limits ranging from \$500 to \$250,000 and some cover actual costs.

Settlements have not exceeded coverage in any of the last three years. There has been no significant reduction in coverage from the prior year.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 14 – CONTINGENT LIABILITIES

A. Litigation

The City may be a defendant in several lawsuits, the outcome of which cannot be determined. It is the opinion of the City's Law Director that any judgment against the City would not have a material adverse effect on the City's financial position.

B. Twin Creeks Subdivision

In September 2006, the City certified to the Clark County Auditor special assessments to be placed on the tax duplicate of the 50 improved lots in Phase 1 and the unimproved parcel, known as Phase 2 of the Twin Creeks Development. The assessments were levied in order to meet the City's annual debt service of the Twin Creeks Infrastructure Bonds. The special assessments were certified for a period of 20 years, the first payment being due in February of 2007.

In order to protect the City for non-payment of the assessments, Twin Creeks Subdivision, LLC (the Developer) was required to obtain an irrevocable letter of credit, in the amount of \$240,000, covering a three year period beginning January 1, 2007, naming the City of New Carlisle as beneficiary. Between January 1, 2006 and December 31, 2009, only the owners of the purchased lots in Phase 1 of the Twin Creeks Development paid their annual assessments, requiring the City to draw from the letter of credit twice annually for the three year period in order to meet the debt service payments of the Twin Creeks Infrastructure bonds.

During 2007, due to unforeseen circumstances, the development of Twin Creeks Subdivision ended and unpaid assessments on the parcels owned by the developer continue to increase annually. Additionally, even though the special assessments of the Twin Creeks Subdivision LLC owned parcels were in fact paid through the periodic draws from the Developer's irrevocable letter of credit, the Clark County Auditor is unable to remove the delinquent special assessments due to the decision and recommendations of the County's legal representative, the Clark County Prosecutor.

During 2013, the City acquired 30 parcels from within the Twin Creeks Development through a land reutilization program. With the acquisition of these 30 parcels, all future assessments were eliminated and the City's special assessment receivable was decreased accordingly. The City intends to sell these 30 parcels. In accordance with Ohio law, all proceeds generated from the sale, less associated costs, are to be remitted to the Clark County Auditor to be applied to delinquent taxes and assessments. During 2014, the City sold two of the 30 parcels. At December 31, 2014, the City reported Property Held for Resale, totaling \$126,000, which represents the amount of delinquent special assessments expected to be received when the remaining 28 parcels are sold.

As of December 31, 2014, the special assessment receivable related to the Twin Creeks Subdivision amounted to \$997,641, of which \$246,525 was delinquent. The delinquent amount represents the unimproved parcel known as Phase 2. The City believes they will also acquire and sell this parcel in the future, but at this point, the outcome or potential loss related to this parcel cannot be determined.

C. Federal and State Grants

During the fiscal year, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 15 – INTERFUND TRANSFERS

A schedule of interfund transfers and advances during the fiscal year is as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 257,150
Swimming Pool Fund	66,849	-
Other Governmental Funds:		
Bikeaway Project Fund	199	-
General Bond Retirement Fund	175,940	-
Cemetery Fund	10,000	-
Smith Park Improvement Fund	4,162	-
	<u>\$ 257,150</u>	<u>\$ 257,150</u>

The City uses interfund transfers to move unrestricted general fund revenues to finance various programs and debt service payments that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

NOTE 16 – COMPLIANCE AND ACCOUNTABILITY

A. Compliance

The Twin Creeks Infrastructure Bonds Fund had a negative cash fund balance of \$68,371 at December 31, 2014 contrary to Ohio Revised Code Section 5705.10.

The general fund is responsible for fund deficits and by applying generally accepted accounting principles, the majority of this deficit cash fund balance was eliminated.

Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed the total estimated resources. At December 31, 2014, appropriations exceeded estimated resources by \$2,709 in the Street Improvement Levy Fund, \$199 in the New Carlisle Bikeway Project Fund, \$26,162 in the Smith Park Improvement Project Fund, and \$9,172 in the Swimming Pool Fund.

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. At December 31, 2014, the City had expenditures in excess of appropriations in the amount of \$40,000 in the Wastewater Equipment Replacement Fund and in the amount of \$75,000 in the Wastewater Capital/Contingency Fund. For reporting purposes, these funds are reported within the Sewer Enterprise Fund

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 16 – COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Accountability - Deficit Fund Balance/Net Position

At December 31, 2014, the following funds had deficit fund balances:

Fund	Deficit
Major Funds	
Water	\$ 792,277
Sewer	475,749
Twin Creeks Infrastructure Bonds	68,371

The fund deficits in the Water and Sewer funds were caused by applying generally accepted accounting principles. The fund deficit in the Twin Creeks Infrastructure Bonds fund was caused by the payment of principal and interest. The general fund is responsible for fund deficits, however, transfers are recorded when cash is needed rather than when the accruals occurs.

NOTE 17 – OTHER COMMITMENTS

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year was \$250 for the Street Construction Fund.

NOTE 18 – FINANCIAL CONDITION

At December 31, 2014, on a modified accrual basis of accounting, the City reported \$0 as pooled cash and cash equivalents and a due from other funds of \$52,709 in its General Fund, and the Street Construction Fund reported a due from other funds of \$15,662 to eliminate the negative cash balance within the Twin Creeks Infrastructure Bonds Fund. Further, on the modified accrual basis of accounting, a negative unassigned fund balance of (\$68,371) was reported in the Twin Creeks Infrastructure Bonds Fund. Based on the Twin Creeks Infrastructure Bonds fund receiving insufficient revenues to retire future debt service payments the General Fund is responsible for transferring sufficient funds to alleviate this deficit and comply with debt service covenants. The City's management is implementing a combination of cost-cutting and receipt-enhancing changes and other changes (as is deemed necessary by the City Council) to address these deficits and negative cash fund balances.

NOTE 19 – SUBSEQUENT EVENT

On May 5, 2015, the City passed a permanent increase in the income tax rate in the amount of one-half of one percent (0.5%) effective July 1, 2015.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2014, the City has implemented the following:

GASB Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees” enhances comparability of financial statements by requiring consistent reporting by those governmental entities that extend nonexchange financial guarantees and by those governmental entities that receive nonexchange financial guarantees. This implementation of this statement did not have an effect on the financial statements of the City.



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

City of New Carlisle
Clark County
331 South Church Street
New Carlisle, Ohio 45344

To the City 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 City of New Carlisle, Clark County, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 19, 2015. We modified our opinion on the governmental activities, business-type activities, major enterprise funds, and aggregate remaining fund information because the lack of sufficient competent evidential matter supporting the City's capital asset balances reported in the basic financial statements could not be obtained and we were unable to obtain assurance related to the recorded amount of accumulated depreciation and depreciation expense.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City'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 City's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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 City'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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Compliance and Other Matters

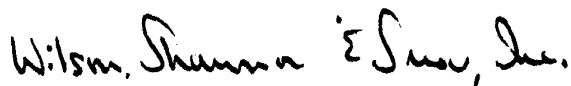
As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-001, 2014-002, 2014-003, and 2014-004.

Entity's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

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 City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 19, 2015
Newark, Ohio

**CITY OF NEW CARLISLE
CLARK COUNTY**

SCHEDULE OF FINDINGS

DECEMBER 31, 2014

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2014-001

Capital Assets – Noncompliance/Material Weakness

Ohio Administrative Code Section 117-2-02 (D)(4)(c) states “Capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items”.

Sound accounting practice, as well as the City’s policy and procedure manual, requires maintaining a capital asset accounting system that incorporates sufficient information to enable the City to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. In order to ensure that all reporting requirements in accordance with accounting principles generally accepted in the United States of America are being met, each department that has responsibility for purchasing, maintaining and/or disposing of capital assets is required to gather data regarding each capital asset acquisition, transfer, or disposal.

Also required by the policy and procedure manual is that, once purchased, all capital assets must be assigned a unique capital asset number that identifies the asset as property of the City, and accurate records of asset cost and accumulated depreciation must be maintained. Through our review of the City’s procedures relating to the acquisition, transfer, and disposal of capital assets, we noted the following deviations from the City’s policy and procedure manual:

- City departments responsible for purchasing, maintaining and/or disposing of capital assets are not required to communicate necessary asset data to the Finance Department, including description, location, and identification code(s);
- Newly acquired capital assets were not assigned a unique capital asset number;
- Newly acquired capital assets were not recorded in a timely manner; and
- Detailed records of cost and accumulated depreciation of capital assets were not maintained

The lack of communication between departments purchasing assets with the Finance Department results in the City’s inability to accurately record necessary data in the City’s capital asset management system. The failure to assign each asset with a unique capital asset number inhibits the City’s tracking capabilities in the event of asset relocation. Most importantly, the lack of detailed records of asset cost and accumulated depreciation limits management’s assurance that amounts reported in the City’s financial statements are accurate and complete.

We recommend the City enforce already established policies and procedures that require responsible departments communicate capital asset data to the Finance Department. As it is provided with this data, the Finance Department must in turn provide purchasing departments with a unique capital asset number and must record each asset in the City’s capital asset management system in a timely manner. We also recommend the City perform a complete physical inventory, determining the historical cost or estimated historical cost and corresponding accumulated depreciation of each capital asset. The results of this physical inventory must be recorded in the City’s capital asset management system enabling the City to calculate accumulated depreciation amounts on a go-forward basis.

CITY OF NEW CARLISLE
CLARK COUNTY

SCHEDULE OF FINDINGS

DECEMBER 31, 2014

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001 (Continued)

Capital Assets – Noncompliance/Material Weakness (Continued)

Official's Response: City of New Carlisle management agrees with the finding concerning lack of capital asset documentation. The City's capital assets and infrastructure requires a complete inventory, including capital asset tagging and computation of depreciation. During 2015, management plans to review the City's policy and procedures concerning capital assets for needed changes and improvements, including capital asset valuation, and depreciation.

The City will also investigate the possibility of contracting with a company to perform a complete inventory of the City's capital assets and infrastructure, to include proper tagging of assets and computation of depreciation. During 2015, providing adequate funding is available, the City will pursue the purchase of capital asset inventory monitoring application.

FINDING NUMBER 2014-002

Deficit Cash Fund Balances – Noncompliance

Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover expenditures.

The following fund had negative cash balance at December 31, 2014:

<u>Fund</u>	<u>Deficit Cash Balance</u>
Twin Creeks Infrastructure Bonds Fund	(\$68,371)

The City has spent monies not available to that fund and thus causing noncompliance. No fund should have a negative cash fund balance throughout the year or at year end.

We recommend that the City properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the City should advance or transfer funds from the General Fund with proper Council approval.

Official's Response: The City will closely monitor fund cash balances throughout the year and make necessary transfers or advances prior to 2015 year end to avoid future deficit cash fund balances.

**CITY OF NEW CARLISLE
CLARK COUNTY**

SCHEDULE OF FINDINGS

DECEMBER 31, 2014

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2014-003

Budgetary – Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 requires that a subdivision’s total appropriations from each fund should not exceed the total estimated resources. Ohio Revised Code Section 5706.36(A)(3) allows all subdivisions to request an increased amended certificate of estimated resources upon determination by fiscal officer that revenue to be collected will be greater than the amount in the official certificate. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. The following funds had appropriations exceeding estimated resources at December 31, 2014:

Funds	Appropriations	Estimated Resources	Noncompliance
Street Improvement Levy Fund	\$ 112,900	\$ 110,191	\$ 2,709
New Carlisle Bikeway Project Fund	0	(199)	199
Smith Park Improvement Project Fund	2,000	(24,162)	26,162
Swimming Pool Fund	95,284	86,112	9,172

With appropriations exceeding estimated resources the City may spend more funds than in the Treasury or process of collection and cause fund deficits. We recommend that the City monitor the original budget to determine compliance with the Ohio Revised Code when the original budget is adopted as well as monitor budgetary activity throughout the year and amend the certificate as deemed appropriate and necessary.

Official’s Response: The City will closely monitor appropriations and estimated resources throughout the year and make necessary adjustments to budgetary estimates during 2015 to avoid such noncompliance citations in the future.

FINDING NUMBER 2014-004

Expenditures Exceeding Appropriations – Noncompliance

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. The City had expenditures in excess of appropriations within the following enterprise funds at December 31, 2014:

Fund	Appropriations	Expenditures	Noncompliance
Wastewater Equipment Replacement Fund	\$ 0	\$ 40,000	\$ 40,000
Wastewater Capital/Contingency Fund	10,000	85,000	75,000

The City is expending monies that have not been appropriated. This could result in unnecessary purchases or fund deficits. We recommend that the City comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Official’s Response: The City will closely monitor appropriations and expenditures throughout the year and make necessary adjustments to appropriations during 2015 to avoid such noncompliance citations in the future.

**CITY OF NEW CARLISLE
CLARK COUNTY**

SCHEDULE OF PRIOR YEAR FINDINGS

DECEMBER 31, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain:
2013-01	Capital Assets	No	Reissued as Finding 2014-001.
2013-02	Deficit Cash Fund Balance	No	Reissued as Finding 2014-002.



Dave Yost • Auditor of State

CITY OF NEW CARLISLE

CLARK 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
SEPTEMBER 29, 2015**