Perry & Associates
Certified Public Accountants, A.C.

VILLAGE OF CARLISLE
WARREN COUNTY
Regular Audit
For the Year Ended December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Village of Carlisle, Warren County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 27, 2019

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VILLAGE OF CARLISLE, OHIO

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

July 1, 2019

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Carlisle**, Warren County, Ohio (the Village), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carlisle, Warren County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Road Department, Fire, Eagle Ridge TIF, Timber Ridge TIF and Police Services funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2018, the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

Perry & Associates CPA's A.C.

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

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Unaudited)

The management's discussion and analysis of the Village of Carlisle's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- The total net position of the Village increased $686,024. Net position of governmental activities increased $607,510 or 9.82% from 2017's restated net position and net position of business-type activities increased $78,514 or 1.50% from 2017's restated net position.

- General revenues accounted for $2,575,661 or 79.86% of total governmental activities revenue. Program specific revenues accounted for $649,673 or 20.14% of total governmental activities revenue.

- The Village had $2,617,824 in expenses related to governmental activities; $649,673 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of $1,968,151 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of $2,575,661.

- The general fund had revenues of $1,270,699 in 2018. This represents an increase of $40,014 from 2017. The expenditures and other financing uses of the general fund, which totaled $982,277 in 2018, increased $71,417 from 2017. The net increase in fund balance for the general fund was $288,422 or 19.42%.

- The road department fund had revenues of $243,456 in 2018. The expenditures of the road department fund totaled $144,687 in 2018. The net increase in fund balance for the road department fund was $98,769 or 20.08%.

- The fire fund had revenues of $152,863 in 2018. The expenditures of the fire fund totaled $119,206 in 2018. The net increase in fund balance for the fire fund was $33,657 or 11.99%.

- The Eagle Ridge TIF fund had revenues of $305,350 in 2018. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled $302,393 in 2018. The net increase in fund balance for the Eagle Ridge TIF fund was $2,957 or 18.44%.

- The Timber Ridge TIF fund had revenues and other financing sources of $1,329,24 in 2018. The expenditures of the Timber Ridge TIF fund totaled $1,704,490. The net decrease in fund balance for the Timber Ridge TIF fund was $374,666 or 72.16%.

- The police services fund had revenues of $444,732 in 2018. The expenditures of the police services fund totaled $336,047. The net increase in fund balance for the police services fund was $108,685 or 25.86%.

- Net position for the business-type activities, which are made up of the sewer, water and refuse enterprise funds, increased in 2018 by $78,514.

- In the general fund, the actual revenues came in $139,294 higher than they were in the final budget and actual expenditures and other financing uses were $102,801 less than the final budget.

Using this Annual Financial Report

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

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

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the Village to provide programs and activities, the view of the Village as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows, liabilities and deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

Reporting the Village's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Proprietary Funds

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. An agency fund is the Village's only fiduciary fund type. The Village's fiduciary fund accounts for the Mayor's Court. There was no balance at December 31, 2018.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 41-87 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net other postemployment benefit (OPEB) liability. The required supplementary information can be found on pages 90-102 of this report.

Government-Wide Financial Analysis

The table below provides a summary of the Village's net position at December 31, 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3A.

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets						
Current assets	$ 4,945,630	$ 4,593,045	$ 3,880,376	$ 3,429,617	$ 8,826,006	$ 8,022,662
Capital assets, net	6,551,314	6,581,823	2,267,275	2,606,814	8,818,589	9,188,637
Total assets	11,496,944	11,174,868	6,147,651	6,036,431	17,644,595	17,211,299
Deferred outflows of resources						
Pension	200,874	340,541	122,853	260,061	323,727	600,602
OPEB	90,114	5,124	22,320	5,219	112,434	10,343
Total deferred outflows of resources	290,988	345,665	145,173	265,280	436,161	610,945
Liabilities						
Current liabilities	587,032	72,486	95,862	98,416	682,894	170,902
Long-term liabilies:						
Due within one year	1,533,150	1,294,884	31,586	26,127	1,564,736	1,321,011
Net pension liability	1,071,256	1,264,569	417,622	649,011	1,488,878	1,913,580
Net OPEB liability	936,961	840,161	288,157	289,465	1,225,118	1,129,626
Other amounts	128,915	1,356,058	2,051	1,776	130,966	1,357,834
Total liabilities	4,257,314	4,828,158	835,278	1,064,795	5,092,592	5,892,953
Deferred inflows of resources						
Property taxes and PILOTs	546,422	473,971	-	-	546,422	473,971
Pension	123,720	34,508	112,246	5,373	235,966	39,881
OPEB	69,070	-	35,243	-	104,313	-
Total deferred inflows of resources	739,212	508,479	147,489	5,373	886,701	513,852
Net Position						
Net investment in capital assets	4,466,314	4,001,823	2,267,275	2,606,814	6,733,589	6,608,637
Restricted	1,853,884	1,975,783	-	-	1,853,884	1,975,783
Unrestricted	471,208	206,290	3,042,782	2,624,729	3,513,990	2,831,019
Total net position	$ 6,791,406	$ 6,183,896	$ 5,310,057	$ 5,231,543	$ 12,101,463	$ 11,415,439

The net pension liability (NPL) is the largest single liability reported by the Village at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the Village adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Village's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Village's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Village is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the Village's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Village is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $7,018,933 to $6,183,896 for governmental activities and $5,515,789 to $5,231,543 for business-type activities.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the Village's assets and deferred outflows exceeded liabilities and deferred inflows by $12,101,463. At year-end, net position was $6,791,406 and $5,310,057 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the Village's assets. At year-end, capital assets represented 49.98% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investment in capital assets at December 31, 2018, was $4,466,314 and $2,267,275 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Village's net position, $1,853,884, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is $471,208.

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The table below shows the changes in net position for 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3A.

	Governmental Activities 2018	Business-type Activities 2018	Restated Governmental Activities 2017	Restated Business-type Activities 2017	2018 Total	Restated 2017 Total
Revenues						
Program revenues:						
Charges for services	$ 283,475	$ 2,126,331	$ 259,983	$ 2,185,672	$ 2,409,806	$ 2,445,655
Operating grants and contributions	345,836	-	579,068	-	345,836	579,068
Capital grants and contributions	20,362	-	10,511	-	20,362	10,511
Total program revenues	649,673	2,126,331	849,562	2,185,672	2,776,004	3,035,234
General revenues:						
Property taxes	192,930	-	192,845	-	192,930	192,845
Income taxes	1,391,747	-	1,197,945	-	1,391,747	1,197,945
Unrestricted grants and entitlements	183,412	-	417,737	-	183,412	417,737
Payment in lieu of taxes	742,021	-	598,147	-	742,021	598,147
Investment earnings	30,593	-	18,860	-	30,593	18,860
Miscellaneous	34,958	-	48,827	-	34,958	48,827
Total general revenues	2,575,661	-	2,474,361	-	2,575,661	2,474,361
Total revenues	3,225,334	2,126,331	3,323,923	2,185,672	5,351,665	5,509,595
Expenses:						
General government	989,721	-	891,851	-	989,721	891,851
Security of persons and property	977,184	-	815,894	-	977,184	815,894
Transportation	415,691	-	677,742	-	415,691	677,742
Community environment	150,441	-	120,343	-	150,441	120,343
Leisure time activity	14,359	-	11,521	-	14,359	11,521
Interest and fiscal charges	70,428	-	52,848	-	70,428	52,848
Sewer	-	1,172,804	-	1,279,653	1,172,804	1,279,653
Refuse	-	446,593	-	420,742	446,593	420,742
Water	-	428,420	-	463,540	428,420	463,540
Total expenses	2,617,824	2,047,817	2,570,199	2,163,935	4,665,641	4,734,134
Change in net position	607,510	78,514	753,724	21,737	686,024	775,461
Net position at beginning of year (restated)	6,183,896	5,231,543	N/A	N/A	11,415,439	N/A
Net position at end of year	$ 6,791,406	$ 5,310,057	$ 6,183,896	$ 5,231,543	$ 12,101,463	$ 11,415,439

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $5,124 and $5,219 in governmental and business-type activities, respectively, computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of $83,257 and $17,949 in governmental and business-type activities, respectively.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2018 program expenses under GASB 75	$ 2,617,824	$ 2,047,817
OPEB expense under GASB 75	(83,257)	(17,949)
2018 contractually required contributions	2,377	1,115
Adjusted 2018 program expenses	2,536,944	2,030,983
Total 2017 program expenses under GASB 45	2,570,199	2,163,935
(Decrease) in program expenses not related to OPEB	$ (33,255)	$ (132,952)

Governmental Activities

Governmental activities net position increased $607,510 in 2018.

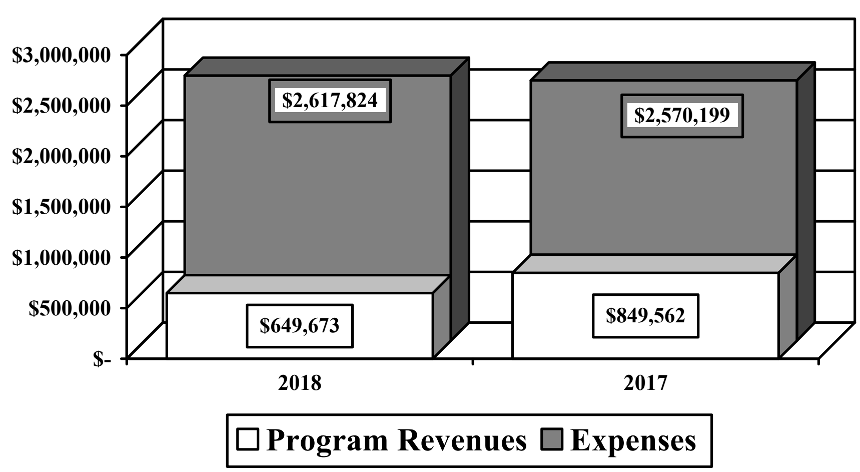
Security of persons and property which primarily supports the operation of police and fire services accounted for $977,184 or 37.33% of the total governmental expenses of the Village. General government expenses totaled $989,721. General government expenses were partially funded by $108,418 in direct charges to users of the services and operating grants and contributions of $539.

The state and federal government contributed to the Village a total of $345,836 in operating grants and contributions and capital grants and contributions of $20,362. These revenues are restricted to a particular program or purpose.

General revenues totaled $2,575,661 and amounted to 79.86% of total governmental revenues. These revenues primarily consist of property and income tax revenue of $1,584,677. The other primary sources of general revenues are grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up $183,412 and payments in lieu of taxes of $742,021.

As can be seen in the graph below, the Village is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities as program revenues are not sufficient to cover total governmental expenses for 2018.

Governmental Activities - Program Revenues vs. Total Expenses



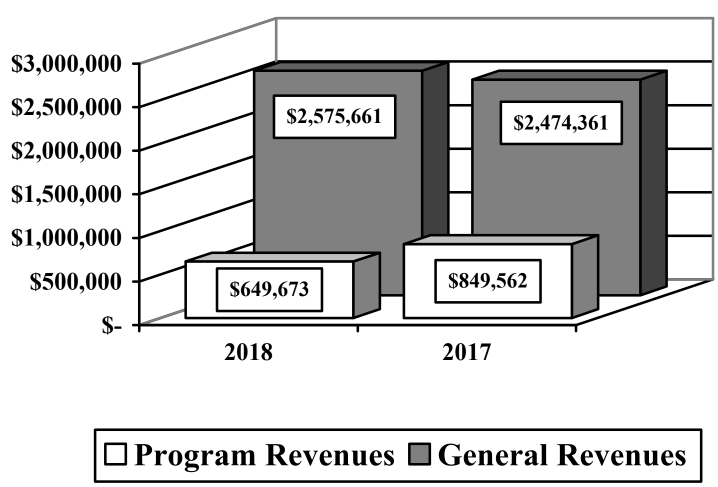
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program expenses:				
General government	$ 989,721	$ 880,764	$ 891,851	$ 774,242
Security of persons and property	977,184	975,406	815,894	814,890
Transportation	415,691	72,172	677,742	100,149
Community environment	150,441	(2,240)	120,343	(7,088)
Leisure time activity	14,359	14,359	11,521	11,521
Interest and fiscal charges	70,428	27,690	52,848	26,923
Total	$ 2,617,824	$ 1,968,151	$ 2,570,199	$ 1,720,637

The dependence upon general revenues for governmental activities is apparent, with 75.18% of expenses supported through taxes and other general revenues. The chart below illustrates the Village's program revenues versus general revenues for 2018 and 2017.

Governmental Activities - General and Program Revenues

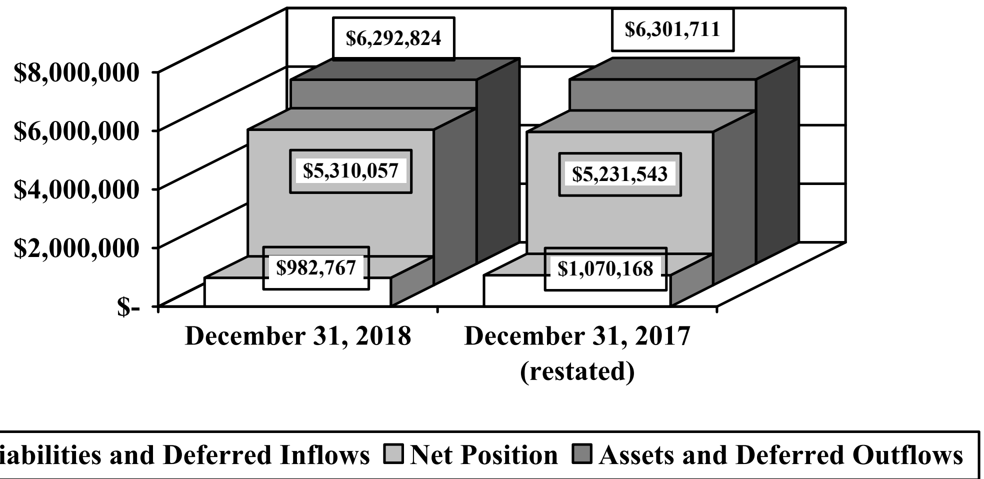


Business-type Activities

Business-type activities include the sewer, water and refuse enterprise funds. These programs had program revenues of $2,126,331 and expenses of $2,047,817 for 2018.

The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end. The net position at December 31, 2017 has been restated as described in Note 3A.

Net Position in Business – Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The Village's governmental funds (as presented on the balance sheet on pages 24-25) reported a combined fund balance of $3,876,406 which is $140,630 higher than last year's balance of $3,735,776.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2018 and 2017 for all major and non-major governmental funds.

	Fund Balances 12/31/18	Fund Balances 12/31/17	Change
Major funds:			
General	$ 1,773,640	$ 1,485,218	$ 288,422
Road Department	590,648	491,879	98,769
Fire	314,275	280,618	33,657
Eagle Ridge TIF	18,995	16,038	2,957
Timber Ridge TIF	144,584	519,250	(374,666)
Police Services	529,042	420,357	108,685
Other nonmajor governmental funds	35,305	522,416	(487,111)
Total	$ 3,406,489	$ 3,735,776	$ (329,287)

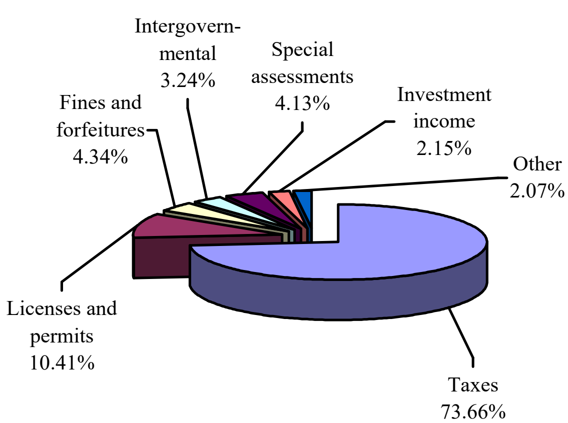
General Fund

The Village's general fund balance increased $288,422. The table that follows assists in illustrating the revenues of the general fund.

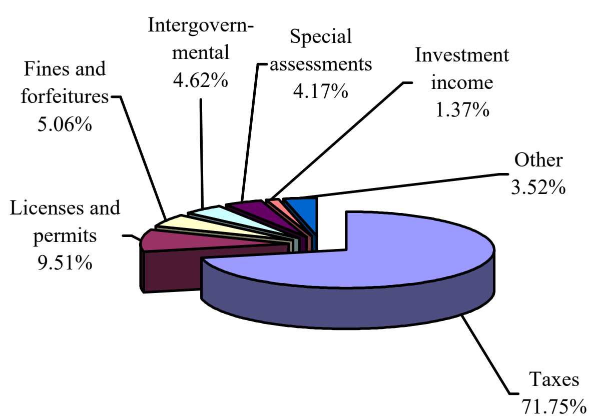
	2018 Amount	2017 Amount	Percentage Change
Revenues			
Taxes	$ 936,058	$ 882,987	6.01 %
Licenses and permits	132,296	116,920	13.15 %
Fines and forfeitures	55,135	62,251	(11.43) %
Intergovernmental	41,196	56,858	(27.55) %
Special assessments	52,450	51,374	2.09 %
Investment income	27,309	16,919	61.41 %
Other	26,255	43,376	(39.47) %
Total	$ 1,270,699	$ 1,230,685	3.25 %

Tax revenue represents 73.66% of all general fund revenue. Tax revenue increased 6.01% from the prior year primarily due to an increase in income tax collections. Investment income increased $10,390 due to increased interest rates. Licenses and permits revenue increased $15,376 primarily due to an increase in cable television, franchise fees, and dog license fees. Intergovernmental revenues decreased $15,662 mainly due to a decrease in inheritance tax revenues. Other revenues decreased $17,121 due primarily to a reduction in refunds received during 2018. All other revenues remained comparable to 2017.

Revenues - 2018



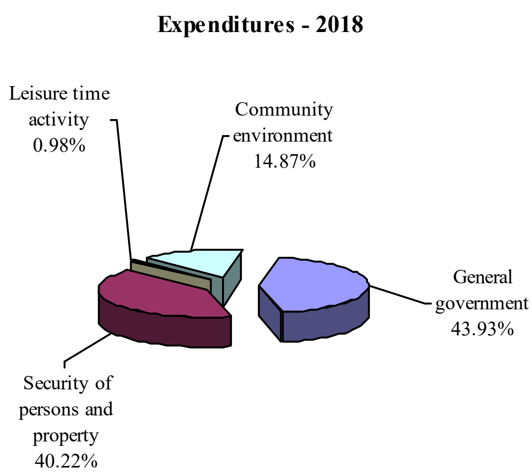
Revenues - 2017

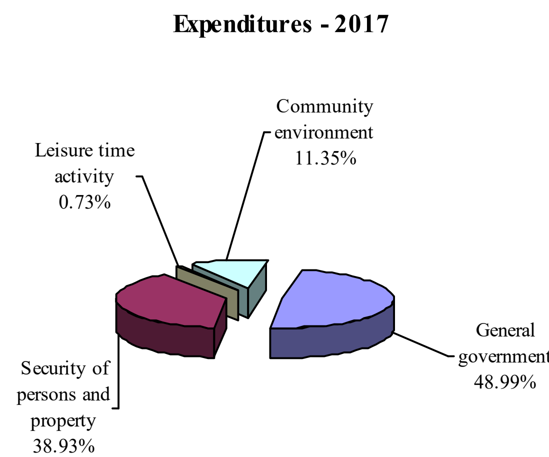


The table that follows assists in illustrating the expenditures of the general fund.

	2018 Amount	2017 Amount	Percentage Change
Expenditures			
General government	$ 409,585	$ 421,730	(2.88) %
Security of persons and property	374,914	335,095	11.88 %
Community environment	138,655	97,750	41.85 %
Leisure time activity	9,123	6,285	45.16 %
Total	$ 932,277	$ 860,860	8.30 %

The Village increased total expenditures by 8.30%. General government expenditures remained comparable to the prior year. Security of persons and property expenditures increased $39,819 due primarily to an increase in police salary and benefit expenditures. Community environment expenditures increased $40,905 primarily due to an increase in consulting service charges. Leisure time activities expenditures increased $2,838 due to an increase in operating supplies expenditures. Other expenditures remained comparable from 2017 to 2018.





Road Department Fund

The road department fund had revenues of $243,456 in 2018. The expenditures of the road department fund totaled $144,687 in 2018. The net increase in fund balance for the road department fund was $98,769 or 20.08%.

Fire Fund

The fire fund had revenues of $152,863 in 2018. The expenditures of the fire fund totaled $119,206 in 2018. The net increase in fund balance for the fire fund was $33,657 or 11.99%.

Eagle Ridge TIF Fund

The Eagle Ridge TIF fund had revenues of $305,350 in 2018. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled $302,393. The net increase in fund balance for the Eagle Ridge TIF fund was $2,957 or 18.44%.

Timber Ridge TIF Fund

The Timber Ridge TIF fund had revenues and other financing sources of $1,329,824 in 2018. The expenditures of the Timber Ridge TIF fund totaled $1,704,490 in 2018. The net decrease in fund balance for the Timber Ridge TIF fund was $374,666 or 72.16%. The decrease in fund balance is primarily attributed to the reporting of short-term notes payable as a fund liability. The Timber Ridge TIF fund reported a short-term note payable of $175,000 at December 31, 2018.

Police Services Fund

The police services fund had revenues of $444,732 in 2018. The expenditures of the police services fund totaled $336,047 in 2018. The net increase in fund balance for the police services fund was $108,685 or 25.86%.

Other Governmental Funds

The other governmental funds had revenues and other financing sources of $1,009,695 in 2018. The expenditures of the other governmental funds totaled $1,496,806 in 2018. The net decrease in fund balance for the other governmental funds was $487,111 or 93.24%. The decrease in fund balance is primarily attributed to the reporting of short-term notes payable as a fund liability. The other governmental funds reported short-term notes payable of $290,000 at December 31, 2018.

Budgeting Highlights – General Fund

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

In the general fund, the original budgeted revenues equaled final budgeted revenues. Actual revenues of $1,244,560 were more than final budgeted revenues by $139,294. Final budgeted expenditures and other financing uses were $25,000 higher than original budgeted expenditures and other financing uses. Actual expenditures and other financing uses of $1,003,949 were $102,801 lower than the final budgeted amounts, primarily due to expenditures for general government and security of persons and property being less than budgeted.

Proprietary Funds

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

Sewer Fund

The sewer fund had operating revenues of $1,249,443 in 2018. The operating expenses of the sewer fund totaled $1,172,804 in 2018. The net increase in net position for the sewer fund was $76,639 or 2.21%.

Water Fund

The water fund had operating revenues of $403,947 in 2018. The operating expenses of the water fund totaled $428,420 in 2018. The net decrease in net position for the water fund was $24,473 or 1.71%.

Refuse Fund

The refuse fund had operating revenues of $472,941 in 2018. The operating expenses of the refuse fund totaled $446,593 in 2018. The net increase in net position for the refuse fund was $26,348 or 7.85%.

Capital Assets and Debt Administration

Capital Assets

At the end of 2018, the Village had $8,818,589 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, $6,551,314 was reported in governmental activities and $2,267,275 was reported in business-type activities. See Note 9 for further description of capital assets.

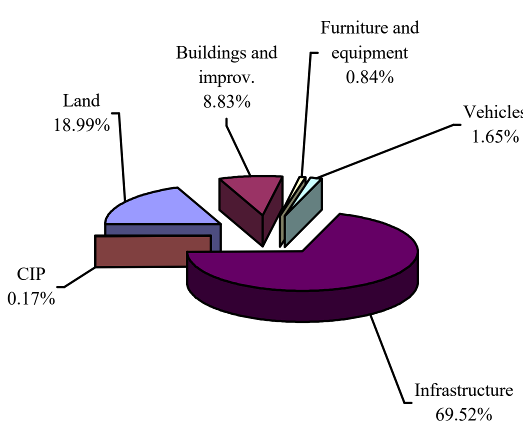
The following table shows December 31, 2018 balances compared to December 31, 2017:

Capital Assets at December 31, 2018
(Net of Depreciation)

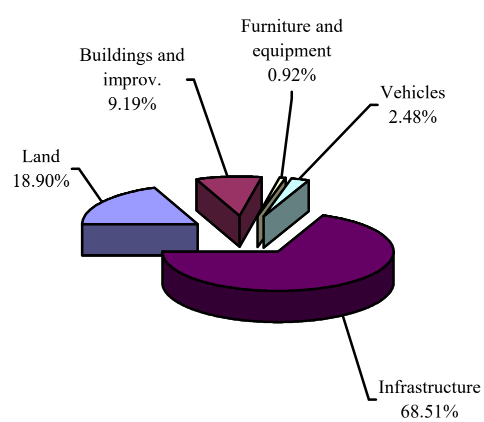
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 1,244,234	$ 1,244,234	$ -	$ -	$ 1,244,234	$ 1,244,234
Construction in progress (CIP)	10,875	-	-	-	10,875	-
Buildings and improvements	578,805	605,147	-	-	578,805	605,147
Furniture and equipment	54,841	60,422	34,626	41,758	89,467	102,180
Vehicles	107,871	162,990	14,406	24,009	122,277	186,999
Infrastructure	4,554,688	4,509,030	2,218,243	2,541,047	6,772,931	7,050,077
Totals	$ 6,551,314	$ 6,581,823	$ 2,267,275	$ 2,606,814	$ 8,818,589	$ 9,188,637

The following graphs show the breakdown of governmental capital assets by category for 2018 and 2017:

Capital Assets - Governmental Activities
2018



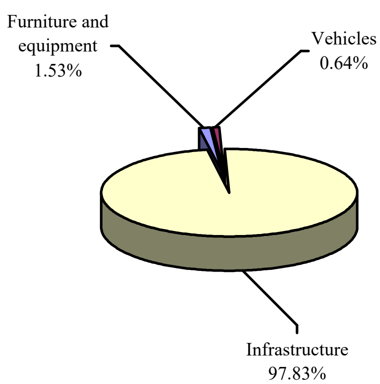
Capital Assets - Governmental Activities
2017



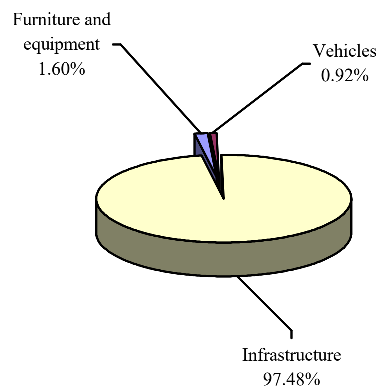
The Village's infrastructure is the largest capital asset category. The net book value of the Village's infrastructure represents approximately 69.52% of the Village's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2018 and 2017.

Capital Assets - Business-Type Activities 2018



Capital Assets - Business-Type Activities 2017



The Village's largest business-type capital asset category is infrastructure, which include water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the Village's infrastructure (cost less accumulated depreciation) represents approximately 97.83% of the Village's total business-type capital assets.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2018 and 2017:

	Governmental Activities	
	2018	2017
General obligation bonds	$ 140,000	$ 165,000
General obligation notes	1,480,000	2,415,000
Special assessment bonds	7,363	39,545
Total long-term obligations	$ 1,627,363	$ 2,619,545

The decrease in general obligation notes is primarily due to the reclassification of short-term notes from long-term obligations to short-term liabilities in 2018 (see Note 19). Further detail on the Village's long-term obligations can be found in Note 11 to the financial statements.

Economic Conditions and Outlook

Located in the northernmost corner of Warren County and spreading into southern Montgomery, Carlisle is a community with over 5,000 residents. It is conveniently located within driving distance of two major cities – Cincinnati (approx. 30 mi. south) and Dayton (approx. 15 mi. north). The area is served by both state and U.S. highways. State Route 123 travels through the heart of Carlisle with State Routes 4 and 73 being located just outside its borders and Interstate Route 75 is just three miles from the downtown area. The Village's early growth stemmed from the still active railroad community. This combination of geographical location and transportation convenience makes the Village an attractive site for both families and business alike. The 2010 census indicated that the Village had a population of 4,915 thus reverting back to "village" status. However, 2017 estimated figures from the U.S. Census Bureau indicate that the community has grown to 5,134. If this growth is stable or grows, the Village is expected to reach "city" status, or over 5,000 population, with the 2020 U.S. Census.

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

Despite the uncertainty surrounding the economy, the Village continues to carefully monitor two primary sources of revenue—local income taxes and shared intergovernmental (state) revenue. In order to stabilize the impact of the fluctuations in these revenue sources, Council continues to pursue economic development and job creation; maintain the community's reputation for high public safety standards; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2018 budget, the Village utilizes a basic incremental philosophy to submit a budget to Council that balances the needs of the operation with the available revenue sources.

Local income tax collections for 2018 were up as compared to 2017 with an increase of 3.29% from the previous year. The Village's largest employer – the Carlisle Local School District – continues to show financial improvement after the passage of an operational levy in November 2012 and the passage of a new bond issue in May 2017, with the goal of building a brand new K-12 school building. This construction is sure to attract new families and businesses to Carlisle.

The Village continues to struggle to find ways to offset the previous funding reductions at both the State and Federal level as well as general downsizing/rightsizing in overall industry. However, the number of new residential housing has continued to increase in 2018 as compared to 2017 and 2016 indicating the continuing economic recovery for the area. The Warren County GIS Department projects the number of households in Carlisle will grow by over 10% from the 2010 U.S. Census to the 2020 U.S. Census. The Utility Office recorded 31 new sewer accounts and 25 new water accounts in 2018. The Village continues to prepare itself financially for future lean revenue years with minimal disruption in local services. Management and staff worked with Village Council to stabilize the Village's enterprise funds by passing along sewer treatment and water acquisition increases from vendors to the public in late 2013. In 2015, the Village was unsuccessful at an attempt to raise the local income tax rate from 1.5% to 2% to help offset increased costs. Due to this, the Village continues to rely heavily on shared-services and reliance on the enterprise funds for cost allocation. A truer cost allocation of services would better align Village departments. Council and staff will continue to discuss other economic options in 2019 to determine options to help insure the long-term financial stability of the Village.

These economic factors were considered in preparing the Village's budget for fiscal year 2019. Budgeted revenues and other financing sources in the general fund for fiscal year 2019 budget are $1,294,675. The Village will continue conservative budgeting practices and will continue to look at long-term budget forecasts to make adequate plans to maintain solvency.

Contacting the Village's Financial Management

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

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VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 3,705,566	$ 3,680,932	$ 7,386,498
Receivables (net of allowances for uncollectibles):			
Income taxes	411,419	-	411,419
Property and other taxes	207,807	-	207,807
Payment in lieu of taxes	352,308	-	352,308
Accounts	17,566	157,340	174,906
Special assessments	1,391	19,811	21,202
Due from other governments	226,328	-	226,328
Materials and supplies inventory	16,430	4,596	21,026
Prepayments	6,734	17,544	24,278
Net pension asset (See Note 13)	81	153	234
Capital assets:			
Nondepreciable capital assets	1,255,109	-	1,255,109
Depreciable capital assets, net	5,296,205	2,267,275	7,563,480
Total capital assets, net	6,551,314	2,267,275	8,818,589
Total assets	11,496,944	6,147,651	17,644,595
Deferred outflows of resources:			
Pension (See Note 13)	200,874	122,853	323,727
OPEB (See Note 14)	90,114	22,320	112,434
Total deferred outflows of resources	290,988	145,173	436,161
Liabilities:			
Accounts payable	47,378	51,065	98,443
Accrued wages and benefits payable	24,901	15,328	40,229
Due to other governments	20,087	29,469	49,556
Accrued interest payable	29,666	-	29,666
Notes payable	465,000	-	465,000
Long-term liabilities:			
Due within one year	1,533,150	31,586	1,564,736
Due in more than one year:			
Net pension liability (See Note 13)	1,071,256	417,622	1,488,878
Net OPEB liability (See Note 14)	936,961	288,157	1,225,118
Other amounts due in more than one year	128,915	2,051	130,966
Total liabilities	4,257,314	835,278	5,092,592
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	194,114	-	194,114
Payment in lieu of taxes levied for the next fiscal year	352,308	-	352,308
Pension (See Note 13)	123,720	112,246	235,966
OPEB (See Note 14)	69,070	35,243	104,313
Total deferred inflows of resources	739,212	147,489	886,701
Net position:			
Net investment in capital assets	4,466,314	2,267,275	6,733,589
Restricted for:			
Capital projects	23	-	23
Transportation projects	651,303	-	651,303
Public safety	1,176,023	-	1,176,023
Other purposes	26,535	-	26,535
Unrestricted	471,208	3,042,782	3,513,990
Total net position	$ 6,791,406	$ 5,310,057	$ 12,101,463

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
Current:				
General government	$ 989,721	$ 108,418	$ 539	$ -
Security of persons and property	977,184	-	1,778	-
Transportation	415,691	-	343,519	-
Community environment	150,441	132,319	-	20,362
Leisure time activity	14,359	-	-	-
Interest and fiscal charges	70,428	42,738	-	-
Total governmental activities	2,617,824	283,475	345,836	20,362
Business-type activities:				
Sewer	1,172,804	1,249,443	-	-
Water	428,420	403,947	-	-
Refuse	446,593	472,941	-	-
Total business-type activities	2,047,817	2,126,331	-	-
Total primary government	$ 4,665,641	$ 2,409,806	$ 345,836	$ 20,362

General revenues:
Property taxes levied for:
General purposes
Fire
Income taxes levied for:
General purposes
Police services
Grants and entitlements not restricted to specific programs
Payments in lieu of taxes
Investment earnings
Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year (restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	**Business-type Activities**	**Total**
$ (880,764)	$ -	$ (880,764)
(975,406)	-	(975,406)
(72,172)	-	(72,172)
2,240	-	2,240
(14,359)	-	(14,359)
(27,690)	-	(27,690)
(1,968,151)	-	(1,968,151)
-	76,639	76,639
-	(24,473)	(24,473)
-	26,348	26,348
-	78,514	78,514
(1,968,151)	78,514	(1,889,637)
63,839	-	63,839
129,091	-	129,091
927,831	-	927,831
463,916	-	463,916
183,412	-	183,412
742,021	-	742,021
30,593	-	30,593
34,958	-	34,958
2,575,661	-	2,575,661
607,510	78,514	686,024
6,183,896	5,231,543	11,415,439
$ 6,791,406	$ 5,310,057	$ 12,101,463

VILLAGE OF CARLISLE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Road Department	Fire	Eagle Ridge TIF
Assets:				
Equity in pooled cash and cash equivalents	$ 1,608,517	$ 546,416	$ 313,740	$ 18,995
Receivables:				
Income taxes	274,279	-	-	-
Property and other taxes	72,486	-	135,321	-
Payment in lieu of taxes	-	-	-	120,982
Accounts	17,454	-	-	-
Special assessments	1,391	-	-	-
Interfund loans	70,000	-	-	-
Due from other governments	18,789	116,765	10,491	22,170
Materials and supplies inventory	1,990	12,052	242	-
Prepayments	4,537	178	1,425	-
Total assets	$ 2,069,443	$ 675,411	$ 461,219	$ 162,147
Liabilities:				
Accounts payable	$ 24,874	$ 460	$ 451	$ -
Accrued wages and benefits	13,595	1,700	-	-
Due to other governments	11,151	1,072	681	-
Interfund loans payable	-	-	-	-
Notes payable	-	-	-	-
Accrued interest payable	-	-	-	-
Total liabilities	49,620	3,232	1,132	-
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	68,096	-	126,018	-
Payment in lieu of taxes	-	-	-	120,982
Delinquent property tax revenue not available	4,390	-	9,303	-
Special assessments revenue not available	1,391	-	-	-
Income tax revenue not available	158,471	-	-	-
Intergovernmental revenue not available	13,835	81,531	10,491	22,170
Total deferred inflows of resources	246,183	81,531	145,812	143,152
Fund balances:				
Nonspendable	6,527	12,230	1,667	-
Restricted	-	578,418	312,608	18,995
Committed	-	-	-	-
Assigned	202,850	-	-	-
Unassigned (deficit)	1,564,263	-	-	-
Total fund balances	1,773,640	590,648	314,275	18,995
Total liabilities, deferred inflows of resources and fund balances	$ 2,069,443	$ 675,411	$ 461,219	$ 162,147

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Timber Ridge TIF	Police Services	Other Governmental Funds	Total Governmental Funds
$ 322,586	$ 491,494	$ 403,818	$ 3,705,566
-	137,140	-	411,419
-	-	-	207,807
219,760	-	11,566	352,308
-	-	112	17,566
-	-	-	1,391
-	-	-	70,000
40,269	-	17,844	226,328
-	-	2,146	16,430
-	594	-	6,734
$ 582,615	$ 629,228	$ 435,486	$ 5,015,549
$ -	$ 4,162	$ 17,431	$ 47,378
-	9,606	-	24,901
-	7,183	-	20,087
-	-	70,000	70,000
175,000	-	290,000	465,000
3,002	-	1,915	4,917
178,002	20,951	379,346	632,283
-	-	-	194,114
219,760	-	11,566	352,308
-	-	-	13,693
-	-	-	1,391
-	79,235	-	237,706
40,269	-	9,269	177,565
260,029	79,235	20,835	976,777
-	594	2,146	23,164
144,584	528,448	254,194	1,837,247
-	-	133,606	133,606
-	-	-	202,850
-	-	(354,641)	1,209,622
144,584	529,042	35,305	3,406,489
$ 582,615	$ 629,228	$ 435,486	$ 5,015,549

VILLAGE OF CARLISLE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Total governmental fund balances		$ 3,406,489
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,551,314
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	$ 237,706	
Property taxes receivable	13,693	
Special assessments receivable	1,391	
Intergovernmental receivable	177,565	
Total		430,355
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
Accrued interest payable	(24,749)	
Special assessment bonds	(7,363)	
General obligation bonds	(140,000)	
General obligation notes	(1,480,000)	
Compensated absences	(34,702)	
		(1,686,814)
The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability, and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	81	
Deferred outflows	200,874	
Deferred inflows	(123,720)	
Net pension liability	(1,071,256)	
		(994,021)
The net OPEB liability is not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	90,114	
Deferred inflows of resources	(69,070)	
Net OPEB liability	(936,961)	
Total		(915,917)
Net position of governmental activities		$ 6,791,406

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Road Department	Fire	Eagle Ridge TIF
Revenues:				
Income taxes	$ 872,055	$ -	$ -	$ -
Property and other taxes	64,003	-	129,381	-
Licenses and permits	132,296	-	-	-
Fines and forfeitures	55,135	-	-	-
Intergovernmental	41,196	239,644	21,704	40,291
Special assessments	52,450	-	-	-
Investment income	27,309	2,137	-	-
Payment in lieu of taxes	-	-	-	265,059
Other	26,255	1,675	1,778	-
Total revenues	1,270,699	243,456	152,863	305,350
Expenditures:				
Current:				
General government	409,585	-	-	207,393
Security of persons and property	374,914	-	119,206	-
Transportation	-	114,245	-	-
Community environment	138,655	-	-	-
Leisure time activity	9,123	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	23,125	-	-
Interest and fiscal charges	-	7,317	-	-
Total expenditures	932,277	144,687	119,206	207,393
Excess (deficiency) of revenues over (under) expenditures	338,422	98,769	33,657	97,957
Other financing sources (uses):				
Note issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(50,000)	-	-	(95,000)
Total other financing sources (uses)	(50,000)	-	-	(95,000)
Net change in fund balances	288,422	98,769	33,657	2,957
Fund balances at beginning of year	1,485,218	491,879	280,618	16,038
Fund balances at end of year	$ 1,773,640	$ 590,648	$ 314,275	$ 18,995

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Timber Ridge TIF	Police Services	Other Governmental Funds	Total Governmental Funds
$ -	$ 436,029	$ -	$ 1,308,084
-	-	-	193,384
-	-	-	132,296
-	-	2,288	57,423
66,706	-	104,253	513,794
-	-	-	52,450
-	-	1,147	30,593
438,118	-	38,844	742,021
-	8,703	63,163	101,574
504,824	444,732	209,695	3,131,619
342,849	-	22,184	982,011
-	336,047	-	830,167
-	-	316,991	431,236
-	-	3,425	142,080
-	-	-	9,123
2,588	-	-	2,588
1,325,000	-	1,124,057	2,472,182
34,053	-	30,149	71,519
1,704,490	336,047	1,496,806	4,940,906
(1,199,666)	108,685	(1,287,111)	(1,809,287)
825,000	-	655,000	1,480,000
-	-	145,000	145,000
-	-	-	(145,000)
825,000	-	800,000	1,480,000
(374,666)	108,685	(487,111)	(329,287)
519,250	420,357	522,416	3,735,776
$ 144,584	$ 529,042	$ 35,305	$ 3,406,489

VILLAGE OF CARLISLE, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds		$ (329,287)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		
Capital asset additions	$ 311,312	
Current year depreciation	(341,821)	
Total		(30,509)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	83,663	
Property taxes	(454)	
Special assessments	(1,455)	
Intergovernmental revenues	11,961	
Total		93,715
The issuance of notes provides current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net position.		(1,480,000)
Repayment of bond and note proceeds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		2,472,182
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		1,091
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(3,305)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	105,860	
OPEB	2,377	
Total		108,237
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(141,357)	
OPEB	(83,257)	
Total		(224,614)
Change in net position of governmental activities		$ 607,510

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Income taxes	$ 748,461	$ 748,461	$ 842,790	$ 94,329
Property and other taxes	56,840	56,840	64,003	7,163
Licenses and permits	115,842	115,842	130,441	14,599
Fines and forfeitures	53,298	53,298	60,015	6,717
Intergovernmental	36,724	36,724	41,352	4,628
Special assessments	46,580	46,580	52,450	5,870
Investment income	24,253	24,253	27,309	3,056
Other	23,268	23,268	26,200	2,932
Total revenues	1,105,266	1,105,266	1,244,560	139,294
Expenditures:				
Current:				
General government	481,616	486,616	426,286	60,330
Security of persons and property	405,656	405,656	386,755	18,901
Community environment	123,225	141,325	131,064	10,261
Leisure time activity	11,353	13,253	9,844	3,409
Total expenditures	1,021,850	1,046,850	953,949	92,901
Excess of revenues over expenditures	83,416	58,416	290,611	232,195
Other financing uses:				
Transfers (out)	(59,900)	(59,900)	(50,000)	9,900
Net change in fund balance	23,516	(1,484)	240,611	242,095
Fund balance at beginning of year	1,313,425	1,313,425	1,313,425	-
Prior year encumbrances appropriated	14,430	14,430	14,430	-
Fund balance at end of year	$ 1,351,371	$ 1,326,371	$ 1,568,466	$ 242,095

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ROAD DEPARTMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
Intergovernmental	$ 216,536	$ 216,536	$ 238,324	$ 21,788
Investment income	1,942	1,942	2,137	195
Other	1,352	1,352	1,488	136
Total revenues	219,830	219,830	241,949	22,119
Expenditures:				
Current:				
Transportation	238,360	238,360	107,583	130,777
Debt service:				
Principal retirement	23,125	23,125	23,125	-
Interest and fiscal charges	8,214	8,214	7,317	897
Total expenditures	269,699	269,699	138,025	131,674
Excess (deficiency) of revenues over (under) expenditures	(49,869)	(49,869)	103,924	153,793
Other financing sources:				
Sale of capital assets	170	170	187	17
Net change in fund balance	(49,699)	(49,699)	104,111	153,810
Fund balance at beginning of year	405,527	405,527	405,527	-
Prior year encumbrances appropriated	30,340	30,340	30,340	-
Fund balance at end of year	$ 386,168	$ 386,168	$ 539,978	$ 153,810

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
Property and other taxes	$ 141,558	$ 141,558	$ 129,381	$ (12,177)
Intergovernmental	23,747	23,747	21,704	(2,043)
Other	1,945	1,945	1,778	(167)
Total revenues	167,250	167,250	152,863	(14,387)
Expenditures:				
Current:				
Security of persons and property	178,348	178,348	124,177	54,171
Net change in fund balance	(11,098)	(11,098)	28,686	39,784
Fund balance at beginning of year	277,396	277,396	277,396	-
Prior year encumbrances appropriated	3,043	3,043	3,043	-
Fund balance at end of year	$ 269,341	$ 269,341	$ 309,125	$ 39,784

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EAGLE RIDGE TIF FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Intergovernmental	$ 27,940	$ 40,291	$ 40,291	$ -
Payment in lieu of taxes	195,845	265,059	265,059	-
Total revenues	223,785	305,350	305,350	-
Expenditures:				
Current:				
General government	141,748	207,448	207,393	55
Excess of revenues over expenditures	82,037	97,902	97,957	55
Other financing uses:				
Transfers (out)	(95,000)	(95,000)	(95,000)	-
Net change in fund balance	(12,963)	2,902	2,957	55
Fund balance at beginning of year	16,009	16,009	16,009	-
Prior year encumbrances appropriated	29	29	29	-
Fund balance at end of year	$ 3,075	$ 18,940	$ 18,995	$ 55

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIMBER RIDGE TIF FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
Intergovernmental	$ 62,059	$ 62,059	$ 66,706	$ 4,647
Payment in lieu of taxes	407,599	407,599	438,118	30,519
Total revenues	469,658	469,658	504,824	35,166
Expenditures:				
Current:				
General government	275,009	342,909	342,849	60
Capital outlay	3,500	185,600	2,588	183,012
Debt service:				
Principal retirement	1,325,000	1,325,000	1,325,000	-
Interest and fiscal charges	26,500	31,100	31,051	49
Total expenditures	1,630,009	1,884,609	1,701,488	183,121
Excess of expenditures over revenues	(1,160,351)	(1,414,951)	(1,196,664)	218,287
Other financing sources:				
Note issuance	930,342	930,342	1,000,000	69,658
Net change in fund balance	(230,009)	(484,609)	(196,664)	287,945
Fund balance at beginning of year	519,191	519,191	519,191	-
Prior year encumbrances appropriated	59	59	59	-
Fund balance at end of year	$ 289,241	$ 34,641	$ 322,586	$ 287,945

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
Income taxes	$ 343,408	$ 343,408	$ 421,395	$ 77,987
Other	7,092	7,092	8,703	1,611
Total revenues	350,500	350,500	430,098	79,598
Expenditures:				
Current:				
Security of persons and property	364,250	369,250	357,484	11,766
Net change in fund balance	(13,750)	(18,750)	72,614	91,364
Fund balance at beginning of year	376,540	376,540	376,540	-
Prior year encumbrances appropriated	1,900	1,900	1,900	-
Fund balance at end of year	$ 364,690	$ 359,690	$ 451,054	$ 91,364

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			
	Sewer	**Water**	**Refuse**	**Total**
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	$ 2,312,733	$ 818,008	$ 550,191	$ 3,680,932
Receivables (net of allowance for uncollectibles):				
Accounts	114,302	34,238	8,800	157,340
Special assessments	18,469	-	1,342	19,811
Materials and supplies inventory	882	3,617	97	4,596
Prepayments	16,339	1,098	107	17,544
Net pension asset (See Note 13)	97	27	29	153
Total current assets	2,462,822	856,988	560,566	3,880,376
Noncurrent assets:				
Capital assets:				
Total depreciable capital assets, net	1,564,927	702,348	-	2,267,275
Total capital assets, net	1,564,927	702,348	-	2,267,275
Total assets	4,027,749	1,559,336	560,566	6,147,651
Deferred outflows of resources:				
Pension (See Note 13)	78,176	21,439	23,238	122,853
OPEB (See Note 14)	14,168	3,919	4,233	22,320
Total deferred outflows of resources	92,344	25,358	27,471	145,173
Liabilities:				
Current liabilities:				
Accounts payable	209	62	50,794	51,065
Accrued wages and benefits	9,824	2,779	2,725	15,328
Compensated absences	20,446	5,396	5,744	31,586
Due to other governments	7,477	19,661	2,331	29,469
Total current liabilities	37,956	27,898	61,594	127,448
Long-term liabilities:				
Compensated absences	1,292	246	513	2,051
Net pension liability (See Note 13)	265,097	73,324	79,201	417,622
Net OPEB liability (See Note 14)	182,916	50,593	54,648	288,157
Total long-term liabilities	449,305	124,163	134,362	707,830
Total liabilities	487,261	152,061	195,956	835,278
Deferred inflows of resources:				
Pension (See Note 13)	68,411	21,302	22,533	112,246
OPEB (See Note 14)	20,688	7,006	7,549	35,243
Total deferred inflows of resources	89,099	28,308	30,082	147,489
Net position:				
Net investment in capital assets	1,564,927	702,348	-	2,267,275
Unrestricted	1,978,806	701,977	361,999	3,042,782
Total net position	$ 3,543,733	$ 1,404,325	$ 361,999	$ 5,310,057

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Operating revenues:				
Charges for services	$ 1,147,146	$ 352,675	$ 470,830	$ 1,970,651
Tap-in fees	72,554	37,584	-	110,138
Other	29,743	13,688	2,111	45,542
Total operating revenues	1,249,443	403,947	472,941	2,126,331
Operating expenses:				
Personal services	392,582	133,979	112,428	638,989
Contract services	490,390	231,050	331,611	1,053,051
Materials and supplies	6,046	6,618	612	13,276
Transportation	1,181	375	135	1,691
Claims expense	399	-	-	399
Depreciation	281,622	56,315	1,602	339,539
Other	584	83	205	872
Total operating expenses	1,172,804	428,420	446,593	2,047,817
Operating income (loss)/change in net position	76,639	(24,473)	26,348	78,514
Net position at beginning of year (restated)	3,467,094	1,428,798	335,651	5,231,543
Net position at end of year	$ 3,543,733	$ 1,404,325	$ 361,999	$ 5,310,057

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Cash flows from operating activities:				
Cash received from customers	$ 1,184,396	$ 399,310	$ 470,032	$ 2,053,738
Cash received from other operations	29,743	13,688	2,111	45,542
Cash payments for personal services	(365,962)	(127,850)	(104,183)	(597,995)
Cash payments for contractual services	(569,083)	(227,014)	(280,773)	(1,076,870)
Cash payments for materials and supplies	(6,928)	(10,235)	(709)	(17,872)
Cash payments for transportation	(1,181)	(375)	(135)	(1,691)
Cash payments for other expenses	(584)	(83)	(205)	(872)
Net cash provided by operating activities	270,401	47,441	86,138	403,980
Cash and cash equivalents at beginning of year	2,042,332	770,567	464,053	3,276,952
Cash and cash equivalents at end of year	$ 2,312,733	$ 818,008	$ 550,191	$ 3,680,932
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 76,639	$ (24,473)	$ 26,348	$ 78,514
Adjustments:				
Depreciation	281,622	56,315	1,602	339,539
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
(Increase) decrease in accounts receivable	(56,326)	9,051	(2,325)	(49,600)
Decrease in special assessments receivable	21,022	-	1,527	22,549
(Increase) in materials and supplies inventory	(420)	(3,617)	(97)	(4,134)
(Increase) decrease in prepayments	(15,330)	(177)	44	(15,463)
(Increase) in net pension asset	(83)	(23)	(25)	(131)
Decrease in deferred outflows of resources - pension	85,050	25,049	27,109	137,208
(Increase) in deferred outflows of resources - OPEB	(10,900)	(2,981)	(3,220)	(17,101)
Increase (decrease) in accounts payable	(4)	61	50,793	50,850
Increase in accrued wages and benefits	1,748	536	945	3,229
Increase (decrease) in due to other governments	(62,072)	4,594	845	(56,633)
Increase in compensated absences payable	2,849	1,215	1,670	5,734
(Decrease) in net pension liability	(141,302)	(43,338)	(46,749)	(231,389)
Increase (decrease) in net OPEB liability	1,658	(1,439)	(1,527)	(1,308)
Increase in deferred inflows of resources - pension	65,562	19,662	21,649	106,873
Increase in deferred inflows of resources - OPEB	20,688	7,006	7,549	35,243
Net cash provided by operating activities	$ 270,401	$ 47,441	$ 86,138	$ 403,980

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE VILLAGE

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

B. Basis of Presentation - Fund Accounting

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

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

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

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

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

C. Fund Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village's own programs. The Village does not have any trust funds. The Village's only agency fund accounts for monies collected and distributed for court fines and forfeitures. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. There was no activity in the Village's agency fund during 2018.

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Basis of Accounting

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Village, see Note 13 and Note 14 for deferred outflows of resources related to the Village's net pension liability and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Village, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Village, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Village, see Note 13 and Note 14 for deferred inflows of resources related to the Village's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

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

F. Budgetary Data

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

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to January 1, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the first and final amended official certificate of estimated resources issued during 2018.

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

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

G. Cash and Cash Equivalents

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

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

The Village has segregated bank accounts for monies held separate from the Village's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited in the Village treasury. There was no outstanding balance at December 31, 2018.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2018 amounted to $27,309 which includes $14,916 assigned from other Village funds.

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

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

H. Inventories of Materials and Supplies

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

I. Capital Assets

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

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

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

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

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

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

J. Compensated Absences

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

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

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

L. Interfund Activity

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

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

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

M. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

N. Fund Balance

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

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

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

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

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

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

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

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

O. Estimates

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

P. Net Position

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Village Council and that are either unusual in nature or infrequent in occurrence. During 2018, the Village had no extraordinary or special items.

R. Interfund Balances

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

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the Village has implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", GASB Statement No. 85, *"Omnibus 2017"* and GASB Statement No. 86, "*Certain Debt Extinguishments*".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 had the effect of restating net position as previously reported (described below), revised the Village's postemployment benefit plan disclosures (as presented in Note 14 to the basic financial statements), and added required supplementary information for OPEB which is presented after the notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the Village.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Village.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A net position restatement is required in order to implement GASB Statement No 75. Net position of the governmental activities, business-type activities, and enterprise funds at January 1, 2018 have been restated as follows:

			Business-type Activities - Enterprise Funds		
	Governmental Activities	Business-type Activities	Sewer Fund	Water Fund	Refuse Fund
Net position as previously reported	$ 7,018,933	$ 5,515,789	$ 3,645,084	$ 1,479,892	$ 390,813
Deferred outflows - payments subsequent to measurement date	5,124	5,219	3,268	938	1,013
Net OPEB liability	(840,161)	(289,465)	(181,258)	(52,032)	(56,175)
Restated net position at January 1, 2018	$ 6,183,896	$ 5,231,543	$ 3,467,094	$ 1,428,798	$ 335,651

Other than employer contributions subsequent to the measurement date, the Village made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

B. Deficit Fund Balance

Fund balances at December 31, 2018 included the following individual fund deficit:

Nonmajor Governmental Funds	Deficit
SR 123/Reconstruction Phase IV	$ 18,052
SR 123/Reconstruction Phase V	36,283
SR 123/Reconstruction Phase VI	27,117
SR 123/Reconstruction Phase VII	8,552
SR 123/Reconstruction Phase X	69,994
Carlisle Business Park Fund	194,643
	$ 354,641

The general fund is liable for the deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from the GAAP requirement that short-term notes payable (Note 19) and interfund advances (Note 5.B) be reported as fund liabilities rather than as other financing sources.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker’s acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

1. Bonds of the State of Ohio;

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

3. Obligations of the Village.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

A. Deposits with Financial Institutions

At December 31, 2018, the carrying amount of all Village deposits was $7,386,498 and the bank balance of all Village deposits was $7,456,541. Of the bank balance, $294,155 was covered by the FDIC and $7,162,386 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the Village's deposits were fully collateralized through participation in the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

B. Investments

The Village had no investments at December 31, 2018.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Village's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The Village's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The Village's investment policy does not place specific limits on the percentage of the Village's portfolio that may be invested in any one issuer.

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2018:

Cash and investments per note	
Carrying amount of deposits	$ 7,386,498
Cash and investments per statement of net position	
Governmental activities	$ 3,705,566
Business type activities	3,680,932
Total	$ 7,386,498

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2018, consisted of the following, as reported on the fund financial statements:

Transfers to	Transfers from	Amount
Nonmajor governmental fund	General Fund	$ 50,000
Nonmajor governmental funds	Eagle Ridge TIF Fund	95,000
Total		$ 145,000

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

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

B. Interfund loans consisted of the following at December 31, 2018, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental fund	$ 70,000

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

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Village of Carlisle. The County Auditor periodically remits to the Village its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2018 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows since the current taxes were not levied to finance 2018 operations and the collection of delinquent taxes has been offset by deferred inflows since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflows.

The full tax rate for all Village operations for the year ended December 31, 2018 was $3.81 per $1,000 of assessed value. The assessed values of real and public utility property upon which 2018 property tax receipts were based are as follows:

Real property	
Residential/agricultural	$ 70,969,680
Commercial/industrial/mineral	9,387,550
Public utility	
Personal	6,551,910
Total assessed value	$ 86,909,140

NOTE 7 - RECEIVABLES

Receivables at December 31, 2018, consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services), special assessments, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2018.

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

Governmental activities:	
Income taxes	$ 411,419
Property and other taxes	207,807
Payment in lieu of taxes	352,308
Accounts	17,566
Special assessments	1,391
Due from other governments	226,328
Business-type activities:	
Accounts	157,340
Special assessments	19,811

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

NOTE 8 - MUNICIPAL INCOME TAXES

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

The Village's income tax ordinance requires a portion of the income tax receipts to be used to finance public safety forces. As a result, this portion of the receipts is allocated to the police services special revenue fund each year. The remaining income tax receipts are to be used to pay the cost of administering the tax and general fund operations, as determined by Council. Income tax revenue for 2018 was $1,308,084 as reported in the fund financial statements.

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the governmental activities for the year ended December 31, 2018, was as follows:

Governmental activities:	Balance 12/31/17	Additions	Disposals	Balance 12/31/18
Capital assets, not being depreciated:				
Land	$ 1,244,234	$ -	$ -	$ 1,244,234
Construction in progress	-	10,875	-	10,875
Total capital assets, not being depreciated	1,244,234	10,875	-	1,255,109
Capital assets, being depreciated:				
Buildings and improvements	1,317,185	-	-	1,317,185
Furniture and equipment	323,083	13,109	(8,847)	327,345
Vehicles	812,854	-	(171,615)	641,239
Infrastructure	5,881,499	287,328	-	6,168,827
Total capital assets, being depreciated	8,334,621	300,437	(180,462)	8,454,596
Less accumulated depreciation:				
Buildings and improvements	(712,038)	(26,342)	-	(738,380)
Furniture and equipment	(262,661)	(18,690)	8,847	(272,504)
Vehicles	(649,864)	(55,119)	171,615	(533,368)
Infrastructure	(1,372,469)	(241,670)	-	(1,614,139)
Total accumulated depreciation	(2,997,032)	(341,821)	180,462	(3,158,391)
Total capital assets, being depreciated, net	5,337,589	(41,384)	-	5,296,205
Governmental activities capital assets, net	$ 6,581,823	$ (30,509)	$ -	$ 6,551,314

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

Governmental activities:	
General government	$ 12,359
Security of persons and property	36,378
Community environment	7,794
Transportation	280,054
Leisure time activity	5,236
Total depreciation expense - governmental activities	$ 341,821

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities

Capital asset activity for the business-type activities for the year ended December 31, 2018, was as follows:

	Balance 12/31/17	Additions	Disposals	Balance 12/31/18
Business-type activities:				
Capital assets, being depreciated				
Furniture and equipment	$ 231,435	$ -	$ -	$ 231,435
Vehicles	231,159	-	(151,782)	79,377
Infrastructure	12,912,124	-	-	12,912,124
Total capital assets, being depreciated	13,374,718	-	(151,782)	13,222,936
Less: accumulated depreciation:				
Furniture and equipment	(189,677)	(7,132)	-	(196,809)
Vehicles	(207,150)	(9,603)	151,782	(64,971)
Infrastructure	(10,371,077)	(322,804)	-	(10,693,881)
Total accumulated depreciation	(10,767,904)	(339,539)	151,782	(10,955,661)
Business-type activities capital assets, net	$ 2,606,814	$ (339,539)	$ -	$ 2,267,275

Depreciation was charged to departments of the Village as follows:

Business-type activities:	
Sewer	$ 281,622
Water	56,315
Refuse	1,602
Total depreciation expense - business-type activities	$ 339,539

NOTE 10 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned, unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of one-half of the 960 hours maximum of accumulated, unused sick leave. As of December 31, 2018, the liability for unpaid compensated absences was $68,339 for the entire Village.

NOTE 11 - LONG-TERM OBLIGATIONS

During 2018, the following changes occurred in the Village's long-term obligations. The long-term obligations at December 31, 2017 have been restated as described in Note 3A.

	Restated Balance 12/31/17	Additions	Reductions	Balance 12/31/18	Amounts Due in One Year
Governmental activities:					
General obligation bonds:					
Road Improvements Bond	$ 165,000	$ -	$ (25,000)	$ 140,000	$ 25,000
General obligation notes:					
Business Park Improvement Note	250,000	-	(250,000)	-	-
SR 123 Reconstruction Note	840,000	655,000	(840,000)	655,000	655,000
Timber Ridge TIF Note	1,325,000	825,000	(1,325,000)	825,000	825,000
Total general obligation notes	2,415,000	1,480,000	(2,415,000)	1,480,000	1,480,000
Special assessment bonds:					
Jamaica Road Improvements	9,545	-	(2,182)	7,363	2,313
Eagle Court Improvements	30,000	-	(30,000)	-	-
Total special assessment bonds	39,545	-	(32,182)	7,363	2,313
Other long-term obligations:					
Net pension liability	1,264,569	-	(193,313)	1,071,256	-
Net OPEB liability	840,161	101,082	(4,282)	936,961	-
Compensated absences	31,397	26,007	(22,702)	34,702	25,837
Total other long-term obligations	2,136,127	127,089	(220,297)	2,042,919	25,837
Total governmental activities long-term obligations	$ 4,755,672	$ 1,607,089	$ (2,692,479)	$ 3,670,282	$ 1,533,150
Business-type activities:					
Other long-term obligations:					
Net pension liability	$ 649,011	$ -	$ (231,389)	$ 417,622	$ -
Net OPEB liability	289,465	-	(1,308)	288,157	-
Compensated absences	27,903	31,861	(26,127)	33,637	31,586
Total business-type activities long-term obligations	$ 966,379	$ 31,861	$ (258,824)	$ 739,416	$ 31,586

Road Improvement General Obligation Bonds
On July 1, 2003, the Village issued $400,000 in roadway improvement general obligation bonds. These bonds were issued for the purpose of making road improvements within the Village. The bonds bear interest rates ranging from 3.0% to 5.1% and mature on December 1, 2023. Principal and interest payments are being made from the road department fund and the state road fund (a nonmajor governmental fund).

Business Park Improvement Note
On December 1, 2017, the Village issued a $250,000 general obligation note for the purpose of improving the Village's business parks. The note bore and interest of 2.35% and matured on November 30, 2018. Principal and interest payments are reported in the Carlisle Business Park fund (a nonmajor governmental fund).

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

SR 123 Reconstruction Note

On May 12, 2017, the Village issued a $840,000 general obligation note for the purpose reconstructing and improving SR 123. The note bore and interest of 2.35% and matured on May 12, 2018. Upon retirement of the note, on May 12, 2018, the Village reissued a $745,000 general obligation note for the same purpose. The 2018 note bears an interest rate of 2.50% and will mature on May 12, 2019. The 2018 note was refinanced subsequent to year-end on May 8, 2019 (see Note 20). The short-term portion of the note, representing the amount retired when the notes were refinanced, is reported as a short-term note payable (see Note 19 for detail) with the remainder being reported as a long-term obligation. Principal and interest payments are being made from the SR 123 Reconstruction fund (a nonmajor governmental fund).

Timber Ridge TIF Note

On April 28, 2017, the Village issued a $1,325,000 general obligation note for the purpose road construction and improvements at Timber Ridge. The note bore and interest of 2.35% and matured on April 28, 2018. Upon retirement of the note, on April 28, 2018, the Village reissued a $1,000,000 general obligation note for the same purpose. The 2018 note bears an interest rate of 2.50% and will mature on April 28, 2019. The 2018 note was refinanced subsequent to year-end on April 25, 2019 (see Note 20). The short-term portion of the note, representing the amount retired when the notes were refinanced, is reported as a short-term note payable (see Note 19 for detail) with the remainder being reported as a long-term obligation. Principal and interest payments are reported in the Timber Ridge TIF fund.

Special Assessment Bonds

The special assessment bonds were issued for road extensions and improvements. The special assessment bond issues are supported by special assessments levied against effected property owners and are backed by the full faith and credit of the Village. In the event that an assessed property owner fails to make payments, the Village will be required to pay the related debt.

The Eagle Court improvement bonds were issued on August 13, 1998 for $360,000, bore interest rates ranging from 4.00% to 5.35%, and matured on December 1, 2018. Principal and interest payments were made from the are being made from the Eagle Court Special Assessment Debt Service fund (a nonmajor governmental fund).

The Jamaica Road improvement bonds were issued on May 3, 2001, bear an interest rate of 6.00% and mature on May 3, 2021. Principal and interest payments were made from the are being made from the Jamaica Road Special Assessment Debt Service fund (a nonmajor governmental fund).

Net Pension Liability and Net OPEB Liability

See Note 13 and Note 14 for more information on net pension liability and net OPEB liability, respectively. The Village pays obligations related to employee compensation from the fund benefitting from their services.

Compensated Absences

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

Debt Margin - The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2018, the Village's total debt margin was $7,048,954 and the unvoted debt margin was $4,780,003.

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the Village's bonds outstanding at December 31, 2018 were:

Year Ending December 31,	Road Improvements General Obligation Bonds Principal	Interest	Total
2019	$ 25,000	$ 6,480	$ 31,480
2020	25,000	5,280	30,280
2021	30,000	4,080	34,080
2022	30,000	2,880	32,880
2023	30,000	1,440	31,440
Total	$ 140,000	$ 20,160	$ 160,160

Year Ending December 31,	Jamaica Road Improvements Special Assessment Bonds Principal	Interest	Total
2019	$ 2,313	$ 442	$ 2,755
2020	2,452	303	2,755
2021	2,598	156	2,754
Total	$ 7,363	$ 901	$ 8,264

NOTE 12 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2018, the Village contracted with The Ohio Plan for various types of insurance. The risk of loss transfers to the insurance carrier upon payment of the premium. The following is a summary of the Village’s insurance coverage:

Company	Type	Deductible	Coverage
The Ohio Plan	Commercial Property	$1,000	$3,905,406
The Ohio Plan	Scheduled & Misc. Equipment	$1,000	$776,382
The Ohio Plan	Auto Comprehensive & Collision	$500	ACV
The Ohio Plan	Emergency Auto Comprehensive & Collision	$500	$100,000
The Ohio Plan	Auto Liability	-	$5,000,000
The Ohio Plan	General Liability	-	$5,000,000 per occurrence $7,000,000 aggregate
The Ohio Plan	Public Officials Liability	$5,000	$5,000,000 per occurrence $7,000,000 aggregate
The Ohio Plan	Employee Bonding		
	- Village Manager	-	$35,000
	- Finance Director	-	$35,000
	- Public Employee	$1,000	$250,000
The Ohio Plan	Law Enforcement Operations	$5,000	$5,000,000 per occurrence $7,000,000 aggregate

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

The Village's contractually required contribution for the Traditional Pension Plan and Member-Directed Plan was $109,598 for 2018. Of this amount, $15,204 is reported as due to other governments.

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

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

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	Police
2018 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2018 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OP&F was $67,718 for 2018. Of this amount, $13,288 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Member-Directed Plan, respectively, were measured as of December 31, 2017, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F’s total pension liability was measured as of December 31, 2017 and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The Village's proportion of the net pension liability or asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating entities.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Member-Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00441900%	0.00834200%	0.01436900%	
Proportion of the net pension liability/asset current measurement date	0.00408300%	0.00669300%	0.01382200%	
Change in proportionate share	-0.00033600%	-0.00164900%	-0.00054700%	
Proportionate share of the net pension liability	$ 640,544	$ -	$ 848,334	$ 1,488,878
Proportionate share of the net pension (asset)	-	(234)	-	(234)
Pension expense	124,240	(76)	101,210	225,374

Of the Village’s proportionate share of the net pension liability of $1,488,878, $1,071,256 is reported in the governmental activities and $417,622 is reported in the business-type activities.

Of the Village’s proportionate share of the net pension asset of $234, $81 is reported in the governmental activities and $153 is reported in the business-type activities.

Of the $225,374 reported as pension expense, $141,357 relates to governmental activities and $84,017 relates to business-type activities.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Member-Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	$ 653	$ 453	$ 12,873	$ 13,979
Changes of assumptions	76,550	27	36,965	113,542
Changes in employer's proportionate percentage/ difference between employer contributions and proportionate share of contributions	749	-	18,141	18,890
Village contributions subsequent to the measurement date	105,324	4,274	67,718	177,316
Total deferred outflows of resources	$ 183,276	$ 4,754	$ 135,697	$ 323,727
Deferred inflows of resources				
Differences between expected and actual experience	$ 12,623	$ -	$ 1,535	$ 14,158
Net difference between projected and actual earnings on pension plan investments	137,516	67	29,344	166,927
Changes in employer's proportionate percentage/ difference between employer contributions and proportionate share of contributions	29,085	-	25,796	54,881
Total deferred inflows of resources	$ 179,224	$ 67	$ 56,675	$ 235,966

$177,316 reported as deferred outflows of resources related to pension resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2019. Of the amount reported as contributions subsequent to the measurement date, $105,860 relates to governmental activities and $71,456 relates to business-type activities.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Member-Directed	OP&F	Total
Year Ending December 31:				
2019	$ 41,488	$ 51	$ 21,405	$ 62,944
2020	(25,698)	51	13,690	(11,957)
2021	(60,552)	44	(17,394)	(77,902)
2022	(56,510)	44	(15,946)	(72,412)
2023	-	63	7,615	7,678
Thereafter	-	160	1,934	2,094
Total	$ (101,272)	$ 413	$ 11,304	$ (89,555)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

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

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.20 %
Domestic equities	19.00	6.37
Real estate	10.00	5.26
Private equity	10.00	8.97
International equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Village's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 1,137,442	$ 640,544	$ 226,280
Member-Directed Plan	(134)	(234)	(335)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below. The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the investment rate of return from 8.25% to 8.00%, (b) projected salary increases decreased from 4.25% - 11.00% to 3.75% - 10.50%, (c) payroll increases decreased from 3.75% to 3.25%, (d) inflation assumptions decreased from 3.25% to 2.75% and (e) Cost of Living Adjustments (COLAs) decreased from 2.60% to 2.20%.

Valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%
Cost of living adjustments	2.20% and 3.00% simple

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.22 %	5.39 %
Non-US Equity	16.00	4.41	5.59
Private Markets	8.00	6.67	8.08
Core Fixed Income *	23.00	1.57	2.71
High Yield Fixed Income	7.00	2.94	4.71
Private Credit	5.00	6.93	7.26
Global Inflation			
Protected Securities *	17.00	0.98	2.52
Master Limited Partnerships	8.00	7.50	7.93
Real Assets	8.00	6.88	7.24
Private Real Estate	12.00	5.58	6.34
Total	120.00 %		

Note: assumptions are geometric.
* levered 2x
** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. A discount rate of 8.25% was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Village's proportionate share of the net pension liability	$ 1,175,992	$ 848,334	$ 581,071

NOTE 14 - POSTRETIREMENT BENEFIT PLANS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

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

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Village's contractually required contribution was $1,710 for 2018. Of this amount, $237 is reported as due to other governments.

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

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The Village's contractually required contribution to OP&F was $1,782 for 2018. Of this amount, $350 is reported as due to other governments.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017 and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.00443100%	0.01436900%	
Proportion of the net OPEB liability current measurement date	0.00407000%	0.01382200%	
Change in proportionate share	-0.00036100%	-0.00054700%	
Proportionate share of the net OPEB liability	$ 441,972	$ 783,146	$ 1,225,118
OPEB expense	$ 26,433	$ 74,773	$ 101,206

Of the Village's proportionate share of the net OPEB liability of $1,225,118, $936,961 is reported in the governmental activities and $288,157 is reported in the business-type activities.

Of the $101,206 reported as OPEB expense, $83,257 relates to governmental activities and $17,949 relates to business-type activities.

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 344	$ -	$ 344
Changes of assumptions	32,181	76,417	108,598
Village contributions subsequent to the measurement date	1,710	1,782	3,492
Total deferred outflows of resources	$ 34,235	$ 78,199	$ 112,434
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 3,950	$ 3,950
Net difference between projected and actual earnings on pension plan investments	32,924	5,155	38,079
Changes in employer's proportionate percentage/ difference between employer contributions and proportionate share of contributions	23,555	38,729	62,284
Total deferred inflows of resources	$ 56,479	$ 47,834	$ 104,313

$3,492 reported as deferred outflows of resources related to OPEB resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Of the amount reported as contributions subsequent to the measurement date, $2,377 relates to governmental activities and $1,115 relates to business-type activities.

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

	OPERS	OP&F	Total
Year Ending December 31:			
2019	$ (3,942)	$ 690	$ (3,252)
2020	(3,942)	690	(3,252)
2021	(7,839)	692	(7,147)
2022	(8,231)	5,952	(2,279)
2023	-	7,240	7,240
Thereafter	-	13,319	13,319
Total	$ (23,954)	$ 28,583	$ 4,629

Actuarial Assumptions - OPERS

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

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Village's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Village's proportionate share of the net OPEB liability	$ 587,179	$ 441,972	$ 324,501

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Village's proportionate share of the net OPEB liability	$ 422,873	$ 441,972	$ 461,701

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Currrent measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.
*levered 2x

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

Discount Rate - The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
Village's proportionate share of the net OPEB liability	$ 978,928	$ 783,146	$ 632,481

Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Village's proportionate share of the net OPEB liability	$ 608,353	$ 783,146	$ 1,018,682

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

(e) Some funds are included in the general fund (GAAP basis) but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General fund	Road Department	Fire	Eagle Ridge TIF	Timber Ridge TIF	Police Services
Budget basis	$ 240,611	$ 104,111	$ 28,686	$ 2,957	$ (196,664)	$ 72,614
Net adjustment for revenue accruals	26,084	1,507	-	-	-	14,634
Net adjustment for expenditure accruals	(18,325)	(13,099)	356	-	(3,002)	(19,002)
Net adjustment for other sources/uses	-	(187)	-	-	(175,000)	-
Funds budgeted elsewhere	55	-	-	-	-	-
Adjustment for encumbrances	39,997	6,437	4,615	-	-	40,439
GAAP basis	$ 288,422	$ 98,769	$ 33,657	$ 2,957	$ (374,666)	$ 108,685

NOTE 16 - FUND BALANCE

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

Fund cash balance	General	Road	Fire	Eagle Ridge TIF	Timber Ridge TIF	Police Services	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Materials and supplies inventory	$ 1,990	$ 12,052	$ 242	$ -	$ -	$ -	$ 2,146	$ 16,430
Prepaids	4,537	178	1,425	-	-	594	-	6,734
Total nonspendable	6,527	12,230	1,667	-	-	594	2,146	23,164
Restricted:								
General government	-	-	-	18,995	-	-	168,311	187,306
Capital improvements	-	-	-	-	144,584	-	23	144,607
Security of persons and property	-	-	312,608	-	-	528,448	816	841,872
Transportation	-	578,418	-	-	-	-	58,509	636,927
Other purposes	-	-	-	-	-	-	26,535	26,535
Total restricted	-	578,418	312,608	18,995	144,584	528,448	254,194	1,837,247
Committed:								
Transportation	-	-	-	-	-	-	37,970	37,970
Debt service	-	-	-	-	-	-	15,857	15,857
Capital improvements	-	-	-	-	-	-	79,779	79,779
Total committed	-	-	-	-	-	-	133,606	133,606
Assigned:								
General government	15,103	-	-	-	-	-	-	15,103
Security of persons and property	7,936	-	-	-	-	-	-	7,936
Community environment programs	2,014	-	-	-	-	-	-	2,014
Subsequent year appropriations	176,586	-	-	-	-	-	-	176,586
Leisure time activities	1,211	-	-	-	-	-	-	1,211
Total assigned	202,850	-	-	-	-	-	-	202,850
Unassigned (deficit)	1,564,263	-	-	-	-	-	(354,641)	1,209,622
Total fund cash balances	$ 1,773,640	$ 590,648	$ 314,275	$ 18,995	$ 144,584	$ 529,042	$ 35,305	$ 3,406,489

NOTE 17 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 26,264
Road department fund	5,978
Fire fund	4,164
Police services fund	36,281
Nonmajor governmental funds	2,862
Total	$ 75,549

NOTE 18 - CONTINGENCIES

A. Grants

The Village receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Village at December 31, 2018.

B. Litigation

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

NOTE 19 - SHORT-TERM NOTES PAYABLE

Changes in the Village's short-term note activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Issued	Retired	Balance 12/31/2018
Governmental fund notes				
Business Park Improvement Note	$ -	$ 200,000	$ -	$ 200,000
SR 123 Reconstruction Note	-	90,000	-	90,000
Timber Ridge TIF Note	-	175,000	-	175,000
Total governmental fund notes	$ -	$ 465,000	$ -	$ 465,000

All short-term notes were backed by the full faith and credit of the Village and mature within one year.

Business Park Improvement Note
On November 30, 2018, the Village issued a $200,000 general obligation note for the purpose of improving the Village's business parks. The note bears an interest rate of 2.75% and will mature on November 30, 2019. The short-term note liability is reflected in the fund which received the proceeds.

SR 123 Reconstruction Note
On May 12, 2018, the Village issued a $745,000 general obligation note for reconstructing and improving SR 123. The note bears an interest rate of 2.50% and will mature on May 12, 2019. The short-term portion of the note payable ($90,000) represents the portion of the 2018 note issue that was retired when the notes were refinanced on May 8, 2019 (see Note 20 for detail). The short-term note liability is reflected in the fund which received the proceeds.

Timber Ridge TIF Note
On April 28, 2018, the Village reissued a $1,000,000 general obligation note for the purpose road construction and improvements at Timber Ridge. The note bears an interest rate of 2.50% and will mature on April 28, 2019. The short-term portion of the note payable ($175,000) represents the portion of the 2018 note issue that was retired when the notes were refinanced on April 25, 2019 (see Note 20 for detail). The short-term note liability is reflected in the fund which received the proceeds.

NOTE 20 - SIGNIFICANT SUBSEQUENT EVENTS

On May 8, 2019, the Village retired the $745,000 SR 123 Reconstruction general obligation note and reissued a new $655,000 note for the same purpose. The new note bears an interest rate of 3.00% and matures May 8, 2020.

On April 25, 2019, the Village retired the $1,000,000 Timber Ridge TIF general obligation note and reissued a new $825,000 note for the same purpose. The new note bears an interest rate of 3.00% and matures April 25, 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017	2016	2015	2014
Traditional Plan:					
Village's proportion of the net pension liability	0.004083%	0.004419%	0.004571%	0.004643%	0.004643%
Village's proportionate share of the net pension liability	$ 640,544	$ 1,003,480	$ 791,755	$ 559,999	$ 547,348
Village's covered payroll	$ 660,162	$ 647,800	$ 666,625	$ 664,133	$ 552,838
Village's proportionate share of the net pension liability as a percentage of its covered payroll	97.03%	154.91%	118.77%	84.32%	99.01%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%
Member Directed Plan:					
Village's proportion of the net pension asset	0.006693%	0.008342%	0.006787%	n/a	n/a
Village's proportionate share of the net pension asset	$ 234	$ 35	$ 26	n/a	n/a
Village's covered payroll	$ 36,690	$ 43,308	$ 37,800	n/a	n/a
Village's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.08%	0.07%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	124.45%	103.40%	103.91%	n/a	n/a

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	**2017**	**2016**	**2015**	**2014**
Village's proportion of the net pension liability	0.01382200%	0.01436900%	0.01486100%	0.01437250%	0.01437250%
Village's proportionate share of the net pension liability	$ 848,334	$ 910,100	$ 955,994	$ 744,555	$ 699,986
Village's covered payroll	$ 454,874	$ 339,916	$ 368,916	$ 346,826	$ 333,035
Village's proportionate share of the net pension liability as a percentage of its covered payroll	186.50%	267.74%	259.14%	214.68%	210.18%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	68.36%	66.77%	72.20%	73.00%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017	2016	2015
Traditional Plan:				
Contractually required contribution	$ 105,324	$ 85,821	$ 77,736	$ 79,995
Contributions in relation to the contractually required contribution	(105,324)	(85,821)	(77,736)	(79,995)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Village's covered payroll	$ 752,314	$ 660,162	$ 647,800	$ 666,625
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
Member Directed Plan:				
Contractually required contribution	$ 4,274	$ 3,669	$ 5,197	$ 4,536
Contributions in relation to the contractually required contribution	(4,274)	(3,669)	(5,197)	(4,536)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Village's covered payroll	$ 42,740	$ 36,690	$ 43,308	$ 37,800
Contributions as a percentage of covered payroll	10.00%	10.00%	12.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	79,696	$	71,869	$	50,656	$	51,687	$	41,367	$	52,461
	(79,696)		(71,869)		(50,656)		(51,687)		(41,367)		(52,461)
$	-	$	-	$	-	$	-	$	-	$	-
$	664,133	$	552,838	$	506,560	$	516,870	$	463,929	$	645,674
	12.00%		13.00%		10.00%		10.00%		8.92%		8.13%

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017	2016	2015
Police:				
Contractually required contribution	$ 67,718	$ 86,426	$ 64,584	$ 70,094
Contributions in relation to the contractually required contribution	(67,718)	(86,426)	(64,584)	(70,094)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Village's covered payroll	$ 356,411	$ 454,874	$ 339,916	$ 368,916
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 65,897	$ 52,886	$ 31,387	$ 21,211	$ 33,601	$ 27,782
(65,897)	(52,886)	(31,387)	(21,211)	(33,601)	(27,782)
$ -	$ -	$ -	$ -	$ -	$ -
$ 346,826	$ 332,965	$ 246,173	$ 166,361	$ 263,537	$ 217,898
19.00%	15.88%	12.75%	12.75%	12.75%	12.75%

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017
Village's proportion of the net OPEB liability	0.004070%	0.004431%
Village's proportionate share of the net OPEB liability	$ 441,972	$ 447,562
Village's covered payroll	$ 696,852	$ 691,108
Village's proportionate share of the net OPEB liability as a percentage of its covered payroll	63.42%	64.76%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017
Village's proportion of the net OPEB liability	0.01382200%	0.01436900%
Village's proportionate share of the net OPEB liability	$ 783,146	$ 682,064
Village's covered payroll	$ 454,874	$ 339,916
Village's proportionate share of the net OPEB liability as a percentage of its covered payroll	172.17%	200.66%
Plan fiduciary net position as a percentage of the total OPEB liability	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017	2016	2015
Contractually required contribution	$ 1,710	$ 8,069	$ 13,822	$ 7,484
Contributions in relation to the contractually required contribution	(1,710)	(8,069)	(13,822)	(7,484)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Village's covered payroll	$ 795,054	$ 696,852	$ 691,108	$ 704,425
Contributions as a percentage of covered payroll	0.22%	1.16%	2.00%	1.06%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	11,389	$	5,526	$	20,267	$	20,726	$	23,583	$	37,933
	(11,389)		(5,526)		(20,267)		(20,726)		(23,583)		(37,933)
$	-	$	-	$	-	$	-	$	-	$	-
$	664,133	$	552,838	$	506,560	$	516,870	$	463,929	$	645,674
	1.71%		1.00%		4.00%		4.01%		5.08%		5.87%

VILLAGE OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2018	2017	2016	2015
Police:				
Contractually required contribution	$ 1,782	$ 2,274	$ 1,700	$ 1,894
Contributions in relation to the contractually required contribution	(1,782)	(2,274)	(1,700)	(1,894)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Village's covered payroll	$ 356,411	$ 454,874	$ 339,916	$ 368,916
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	1,728	$	12,187	$	16,617	$	11,229	$	17,789	$	20,002
	(1,728)		(12,187)		(16,617)		(11,229)		(17,789)		(20,002)
$	-	$	-	$	-	$	-	$	-	$	-
$	346,826	$	332,965	$	246,173	$	166,361	$	263,537	$	217,898
	0.50%		3.62%		6.75%		6.75%		6.75%		6.75%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumtions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reducted from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.

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

July 1, 2019

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Carlisle**, Warren County, (the Village) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 1, 2019, wherein we noted the Village adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Perry & Associates CPA's A.C.

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

OHIO AUDITOR OF STATE
KEITH FABER

VILLAGE OF CARLISLE

WARREN COUNTY

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 10, 2019