



**VILLAGE OF CARLISLE
WARREN COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

313 Second St.
Marietta, OH 45750
740 373 0056

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

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

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

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

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



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

Members of 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, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 21, 2022

This page intentionally left blank.

VILLAGE OF CARLISLE, OHIO

**BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

TABLE OF CONTENTS

2020 Independent Audit’s Report.....	1 -2
Management’s Discussion and Analysis For the Year Ended December 31, 2020.....	3 -18
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	
December 31, 2020	19
Statement of Activities	
December 31, 2020	20 - 21
Fund Financial Statements:	
Balance Sheet – Governmental Funds	
December 31, 2020	22 – 23
Reconciliation of Total Governmental Fund to Net Position of Governmental Activities	
December 31, 2020	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	
For the Year Ended December 31, 2020	26 - 27
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, 2020	28
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	
For the Year Ended December 31, 2020 -	
General Fund.....	29
Road Department Fund.....	30
Fire Fund.....	31
Eagle Ridge TIF Fund.....	32
Timber Ridge TIF Fund	33
Police Services Fund	34
Statement of Net Position - Proprietary Funds	35
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	
December 31, 2020	36
Statement of Cash Flows - Proprietary Funds	
For the Year Ended December 31, 2020	37
Statement of Fiduciary Net Position – Fiduciary Funds	
December 31, 2020	38
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	
For the Year Ended December 31, 2020	39
Notes to the Basic Financial Statements	
For the Year Ended December 31, 2020	40 - 85

VILLAGE OF CARLISLE, OHIO

BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS (Continued)

Required Supplementary Information:

Schedule of the Village’s Proportionate Share of the Net Pension Liability/Net Pension Asset:
Ohio Public Employees Retirement System (OPERS) 88 - 89
Ohio Police and Fire Pension Fund (OP&F)..... 90 - 91
Schedule of Village Pension Contributions:
Ohio Public Employees Retirement System (OPERS) 92 - 93
Ohio Police and Fire Pension Fund (OP&F)..... 94 – 95
Schedule of the Village’s Proportionate Share of the Net OPEB Liability:
Ohio Public Employees Retirement System (OPERS) 96
Ohio Police and Fire Pension Fund (OP&F)..... 97
Schedule of Village OPEB Contributions:
Ohio Public Employees Retirement System (OPERS) 98 - 99
Ohio Police and Fire Pension Fund (OP&F)..... 100 – 101
Notes to Required Supplementary Information
For the Year Ended December 31, 2020 102

2020 Independent Auditor’s Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards* 103 - 104

2020 Schedule of Audit Findings..... 105

2020 Schedule of Prior Audit Findings..... 106

2019 Independent Audit’s Report..... 107 - 108

Management’s Discussion and Analysis
For the Year Ended December 31, 2019..... 109 - 124

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position
December 31, 2019 125
Statement of Activities
December 31, 2019 126 - 127

Fund Financial Statements:

Balance Sheet – Governmental Funds
December 31, 2019 128 - 129
Reconciliation of Total Governmental Fund to
Net Position of Governmental Activities
December 31, 2019 130
Statement of Revenues, Expenditures and Changes in Fund
Balances - Governmental Funds
For the Year Ended December 31, 2019..... 132 - 133

VILLAGE OF CARLISLE, OHIO

BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS

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, 2019	134
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) For the Year Ended December 31, 2020 -	
General Fund	135
Road Department Fund	136
Fire Fund	137
Eagle Ridge TIF Fund	138
Timber Ridge TIF Fund	139
Police Services Fund	140
Statement of Net Position – Proprietary Funds	
December 31, 2019	141
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	
December 31, 2019	142
Statement of Cash Flows - Proprietary Funds	
For the Year Ended December 31, 2019	143
Statement of Fiduciary Net Position – Fiduciary Funds	
December 31, 2019	144
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	
For the Year Ended December 31, 2019	145
Notes to the Basic Financial Statements	
For the Year Ended December 31, 2019	146 – 193
Required Supplementary Information:	
Schedule of the Village’s Proportionate Share of the Net Pension Liability/Net Pension Asset:	
Ohio Public Employees Retirement System (OPERS)	195 - 196
Ohio Police and Fire Pension Fund (OP&F)	197 - 198
Schedule of Village Pension Contributions:	
Ohio Public Employees Retirement System (OPERS)	199 - 200
Ohio Police and Fire Pension Fund (OP&F)	201 - 202
Schedule of the Village’s Proportionate Share of the Net OPEB Liability:	
Ohio Public Employees Retirement System (OPERS)	203
Ohio Police and Fire Pension Fund (OP&F)	204
Schedule of Village OPEB Contributions:	
Ohio Public Employees Retirement System (OPERS)	205 - 206
Ohio Police and Fire Pension Fund (OP&F)	207 - 208
Notes to Required Supplementary Information	
For the Year Ended December 31, 2019	209
2019 Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	210 - 211
2019 Schedule of Audit Findings	212 - 213

This page intentionally left blank.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

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

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

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

INDEPENDENT AUDITOR'S REPORT

May 6, 2022

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, 2020, 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.

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

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

An independently owned member
RSM US Alliance



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, 2020, 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, 2020, the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include management's discussion and analysis, 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 May 6, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (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, 2020. 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 2020 are as follows:

- The total net position of the Village increased \$618,249. Net position of governmental activities increased \$811,586 or 9.77% from 2019's net position and net position of business-type activities decreased \$193,337 or 3.73% from 2019's net position.
- General revenues accounted for \$3,155,344 or 73.36% of total governmental activities revenue. Program specific revenues accounted for \$1,145,844 or 26.64% of total governmental activities revenue.
- The Village had \$3,489,602 in expenses related to governmental activities; \$1,145,844 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$2,343,758 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$3,155,344.
- The general fund had revenues and other financing sources of \$1,602,604 in 2020. This represents a decrease of \$8,043 from 2019. The expenditures of the general fund, which totaled \$1,119,057 in 2020, decreased \$13,216 from 2019. The net increase in fund balance for the general fund was \$483,547 or 23.81%.
- The road department fund had revenues of \$389,429 in 2020. The expenditures of the road department fund totaled \$321,218 in 2020. The net increase in fund balance for the road department fund was \$68,211 or 11.01%.
- The fire fund had revenues of \$156,873 in 2020. The expenditures of the fire fund totaled \$122,406 in 2020. The net increase in fund balance for the fire fund was \$34,467 or 9.69%.
- The Eagle Ridge TIF fund had revenues of \$378,237 in 2020. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled \$373,474. The net increase in fund balance for the Timber Ridge TIF fund was \$4,763 or 35.64%.
- The Timber Ridge TIF fund had revenues and other financing sources of \$1,156,909 in 2020. The expenditures of the Timber Ridge TIF fund totaled \$1,153,938. The net increase in fund balance for the Timber Ridge TIF fund was \$2,971 or 2.04%.
- The police services fund had revenues and other financing sources of \$494,192 in 2020. The expenditures of the police services fund totaled \$528,281. The net decrease in fund balance for the police services fund was \$34,089 or 5.34%.
- Net position for the business-type activities, which are made up of the sewer, water and refuse enterprise funds, decreased in 2020 by \$193,337.
- In the general fund, the actual revenues came in \$229,429 higher than they were in the final budget and actual expenditures were \$338,029 less than the final budget.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (Unaudited)

Using this Annual Financial Report

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

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

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the Village to provide programs and activities, the view of the Village as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" 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 19-21 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 12.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

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, 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 22-34 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 35-37 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 statements 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. The Village's custodial funds at December 31, 2020 was Mayor's Court and it is presented on pages 38-39 of this report.

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 40-85 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 88-102 of this report.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)

Government-Wide Financial Analysis

The table below provides a summary of the Village's net position at December 31, 2020 and 2019.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<u>Assets</u>						
Current assets	\$ 6,248,805	\$ 5,432,639	\$4,448,748	\$ 4,233,406	\$ 10,697,553	\$ 9,666,045
Capital assets, net	6,390,764	6,512,849	1,604,706	1,928,056	7,995,470	8,440,905
Total assets	12,639,569	11,945,488	6,053,454	6,161,462	18,693,023	18,106,950
<u>Deferred outflows of resources</u>						
Pension	395,605	478,475	169,550	289,306	565,155	767,781
OPEB	189,354	105,783	90,747	43,501	280,101	149,284
Total deferred outflows of resources	584,959	584,258	260,297	332,807	845,256	917,065
<u>Liabilities</u>						
Current liabilities	338,115	378,340	46,923	105,534	385,038	483,874
Long-term liabilities:						
Due within one year	1,017,178	1,254,851	35,723	8,313	1,052,901	1,263,164
Net pension liability	1,418,497	1,553,603	600,459	775,963	2,018,956	2,329,566
Net OPEB liability	417,429	319,597	415,987	369,300	833,416	688,897
Other amounts	64,368	96,675	29,120	24,294	93,488	120,969
Total liabilities	3,255,587	3,603,066	1,128,212	1,283,404	4,383,799	4,886,470
<u>Deferred inflows of resources</u>						
Property taxes and PILOTS	540,740	522,754	-	-	540,740	522,754
Pension	198,751	31,954	130,082	16,983	328,833	48,937
OPEB	110,135	64,243	63,105	8,193	173,240	72,436
Total deferred inflows of resources	849,626	618,951	193,187	25,176	1,042,813	644,127
<u>Net Position</u>						
Net investment in capital assets	5,095,764	4,917,849	1,604,706	1,928,056	6,700,470	6,845,905
Restricted	2,299,180	2,063,533	-	-	2,299,180	2,063,533
Unrestricted	1,724,371	1,326,347	3,387,646	3,257,633	5,112,017	4,583,980
Total net position	\$ 9,119,315	\$ 8,307,729	\$4,992,352	\$ 5,185,689	\$ 14,111,667	\$ 13,493,418

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.*" The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" 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 and the net pension asset.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (Unaudited)

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/asset 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/asset 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/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2020, the Village's assets and deferred outflows exceeded liabilities and deferred inflows by \$14,111,667. At year-end, net position was \$9,119,315 and \$4,992,352 for the governmental activities and the business-type activities, respectively.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

Capital assets reported on the government-wide statements represent the largest portion of the Village's assets. At year-end, capital assets represented 42.77% of total assets. Capital assets include land, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investment in capital assets at December 31, 2020, was \$5,095,764 and \$1,604,706 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.

Liabilities of the governmental activities decreased \$347,479 or 9.64% from 2019. Current liabilities of the governmental activities decreased \$40,225 due to a reduction in accrued wages and benefits payable. Long-term obligations of the governmental activities decreased \$307,254 or 9.53% as the Village paid down its debt obligations and a decrease in the Village's proportionate share of the net pension liability. The Village reports its proportionate share of OP&F OPEB liability. This decrease was partially offset by an increase in the Village's net pension liability.

Liabilities of the business-type activities decreased \$155,192 or 12.09% from 2019. Long-term obligations of the business-type activities decreased primarily due to an decrease in the Village's net pension liability.

A portion of the Village's net position, \$2,299,180, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is \$1,724,371.

THIS SPACE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (Unaudited)

The table below shows the changes in net position for 2020 and 2019.

	Governmental Activities <u>2020</u>	Business-type Activities <u>2020</u>	Governmental Activities <u>2019</u>	Business-type Activities <u>2019</u>	2020 Total	2019 Total
Revenues						
Program revenues:						
Charges for services	\$ 282,511	\$ 2,296,494	\$ 329,497	\$ 2,142,410	\$ 2,579,005	\$ 2,471,907
Operating grants and contributions	850,018	-	686,094	-	850,018	686,094
Capital grants and contributions	13,315	-	8,396	-	13,315	8,396
Total program revenues	<u>1,145,844</u>	<u>2,296,494</u>	<u>1,023,987</u>	<u>2,142,410</u>	<u>3,442,338</u>	<u>3,166,397</u>
General revenues:						
Property taxes	207,698	-	202,908	-	207,698	202,908
Income taxes	1,463,478	-	1,399,256	-	1,463,478	1,399,256
Unrestricted grants and entitlements	229,356	-	207,228	-	229,356	207,228
Payment in lieu of taxes	987,686	-	886,498	-	987,686	886,498
Investment earnings	114,357	-	75,313	-	114,357	75,313
Miscellaneous	152,769	-	60,943	-	152,769	60,943
Total general revenues	<u>3,155,344</u>	<u>-</u>	<u>2,832,146</u>	<u>-</u>	<u>3,155,344</u>	<u>2,832,146</u>
Total revenues	<u>4,301,188</u>	<u>2,296,494</u>	<u>3,856,133</u>	<u>2,142,410</u>	<u>6,597,682</u>	<u>5,998,543</u>
Expenses:						
General government	1,559,644	-	1,260,321	-	1,559,644	1,260,321
Security of persons and property	1,092,824	-	357,702	-	1,092,824	357,702
Transportation	616,676	-	439,819	-	616,676	439,819
Community environment	149,749	-	215,538	-	149,749	215,538
Leisure time activity	26,372	-	12,490	-	26,372	12,490
Interest and fiscal charges	44,337	-	53,940	-	44,337	53,940
Sewer	-	1,501,423	-	1,358,481	1,501,423	1,358,481
Refuse	-	479,009	-	478,609	479,009	478,609
Water	-	509,399	-	429,688	509,399	429,688
Total expenses	<u>3,489,602</u>	<u>2,489,831</u>	<u>2,339,810</u>	<u>2,266,778</u>	<u>5,979,433</u>	<u>4,606,588</u>
Change in net position	811,586	(193,337)	1,516,323	(124,368)	618,249	1,391,955
Net position at beginning of year	<u>8,307,729</u>	<u>5,185,689</u>	<u>6,791,406</u>	<u>5,310,057</u>	<u>13,493,418</u>	<u>12,101,463</u>
Net position at end of year	<u>\$ 9,119,315</u>	<u>\$ 4,992,352</u>	<u>\$ 8,307,729</u>	<u>\$ 5,185,689</u>	<u>\$ 14,111,667</u>	<u>\$ 13,493,418</u>

Governmental Activities

Governmental activities net position increased \$811,586 in 2020. During 2020, the Village reported a \$735,122 increase in security of persons and property expense resulting from a increase in Other Postemployment Benefits (OPEB) expense related to the Ohio Police & Fire Pension Fund (OP&F). Beginning January 1, 2019, OP&F replaced its retiree health care model and current self-insured health care plan with a stipend-based health care model. The Village reports its proportionate share of OP&F OPEB expense. As a result, the Village's OPEB expense for OP&F for 2020 was \$15,398, an increase of \$667,471 from the Village's 2019 OPEB expense for OP&F.

VILLAGE OF CARLISLE, OHIO

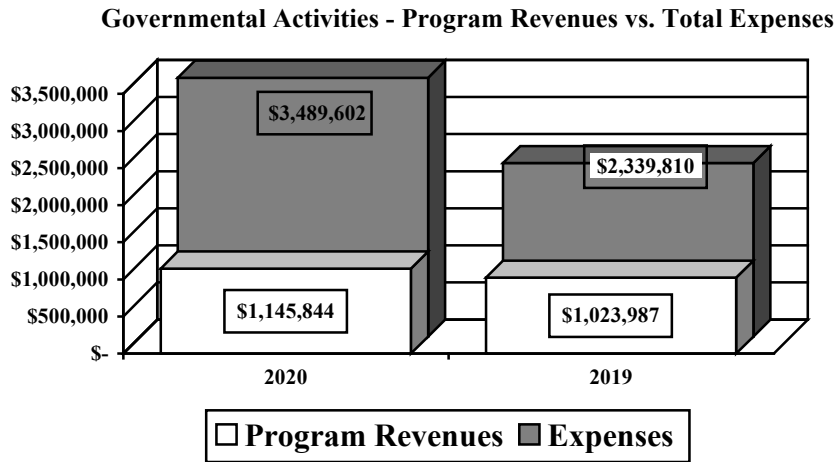
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)

Transportation expenses totaled \$616,676 or 17.67% of the total governmental expenses of the Village. Security of persons and property which primarily supports the operation of police and fire services accounted for \$1,092,824 or 31.32% of the total governmental expenses of the Village. General government expenses totaled \$1,559,644. General government expenses were partially funded by \$109,826 in direct charges to users of the services.

The state and federal government contributed to the Village a total of \$850,018 in operating grants and contributions and capital grants and contributions of \$13,315. These revenues are restricted to a particular program or purpose.

General revenues totaled \$3,155,344 and amounted to 73.36% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$1,671,176. 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 \$229,356 and payments in lieu of taxes of \$987,686.

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 2020.



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.

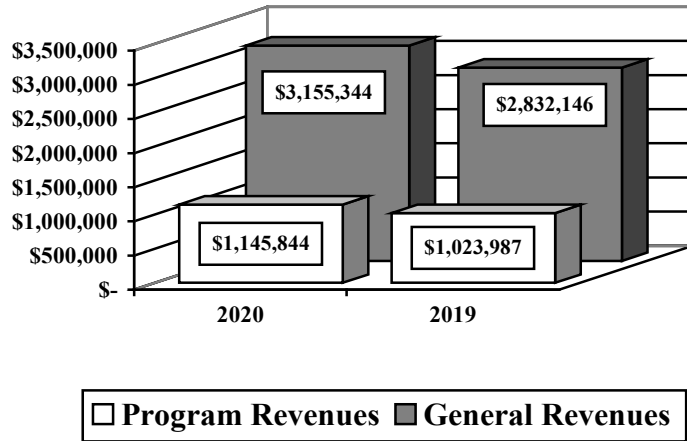
	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
Program expenses:				
General government	\$ 1,559,644	\$ 1,190,576	\$ 1,260,321	\$1,136,335
Security of persons and property	1,092,824	1,062,612	357,702	355,888
Transportation	616,676	55,703	439,819	(244,461)
Community environment	149,749	(33,087)	215,538	4,454
Leisure time activity	26,372	26,372	12,490	12,490
Interest and fiscal charges	44,337	41,582	53,940	51,117
Total	<u>\$ 3,489,602</u>	<u>\$ 2,343,758</u>	<u>\$ 2,339,810</u>	<u>\$1,315,823</u>

VILLAGE OF CARLISLE, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (Unaudited)

The dependence upon general revenues for governmental activities is apparent, with 67.16% of expenses supported through taxes and other general revenues. The chart below illustrates the Village’s program revenues versus general revenues for 2020 and 2019.

Governmental Activities - General and Program Revenues

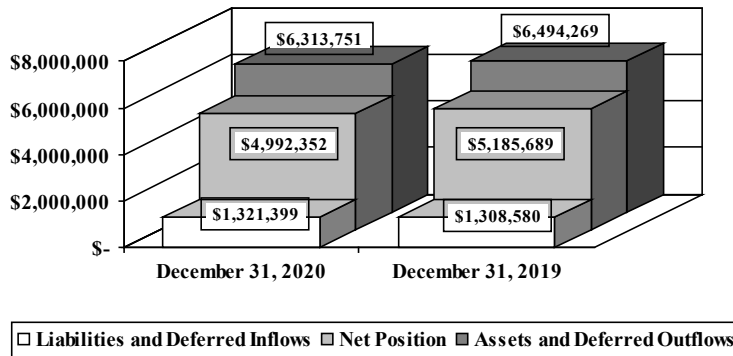


Business-Type Activities

Business-type activities include the sewer, water and refuse enterprise funds. These programs had program revenues of \$2,296,494 and expenses of \$2,489,831 for 2020.

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

Net Position in Business – Type Activities



VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)

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 22-23) reported a combined fund balance of \$5,003,709 which is \$731,325 higher than last year's balance of \$4,272,384.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2020 and 2019 for all major and non-major governmental funds.

	<u>Fund Balances</u> <u>12/31/20</u>	<u>Fund Balances</u> <u>12/31/19</u>	<u>Change</u>
Major funds:			
General	\$ 2,514,475	\$ 2,030,928	\$ 483,547
Road Department	687,694	619,483	68,211
Fire	390,017	355,550	34,467
Eagle Ridge TIF	18,127	13,364	4,763
Timber Ridge TIF	148,841	145,870	2,971
Police Services	604,260	638,349	(34,089)
Other nonmajor governmental funds	<u>640,295</u>	<u>468,840</u>	<u>171,455</u>
Total	<u>\$ 5,003,709</u>	<u>\$ 4,272,384</u>	<u>\$ 731,325</u>

General Fund

The Village's general fund balance increased \$483,547. The table that follows assists in illustrating the revenues of the general fund.

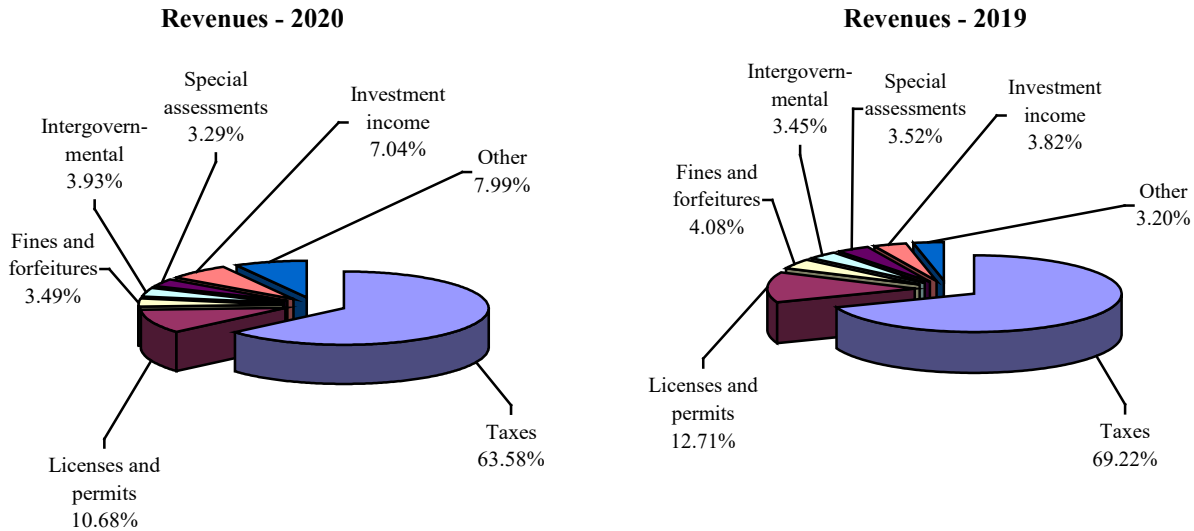
	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 1,008,863	\$ 1,103,676	(8.59) %
Licenses and permits	169,521	202,688	(16.36) %
Fines and forfeitures	55,352	65,050	(14.91) %
Intergovernmental	62,410	55,052	13.37 %
Special assessments	52,148	56,125	(7.09) %
Investment income	111,697	60,998	83.12 %
Other	<u>126,756</u>	<u>50,972</u>	148.68 %
Total	<u>\$ 1,586,747</u>	<u>\$ 1,594,561</u>	(0.49) %

VILLAGE OF CARLISLE, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)

Tax revenue represents 63.58% of all general fund revenue. Tax revenue decreased 8.59% from the prior year primarily due to a decrease in income tax collections. Investment income increased \$50,699 due to increased interest rates. Other revenues increased \$75,784 due primarily to an increase in refunds and other miscellaneous revenues received during 2020. All other revenues remained comparable to 2019.

The following graphs show the breakdown of general fund revenues by type for 2020 and 2019:



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

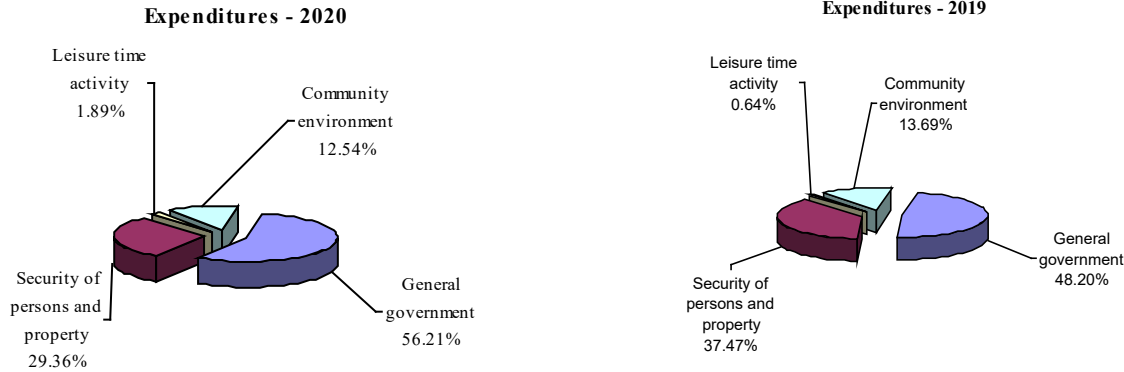
	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 628,989	\$ 545,726	15.26 %
Security of persons and property	328,558	424,314	(22.57) %
Community environment	140,374	154,979	(9.42) %
Leisure time activity	<u>21,136</u>	<u>7,254</u>	191.37 %
Total	<u>\$ 1,119,057</u>	<u>\$ 1,132,273</u>	(1.17) %

The Village decreased total expenditures by 1.17%. General government expenditures increased \$83,263 or 15.26% mostly due to an increase in contractual service expenditures. Security of persons and property expenditures decreased \$95,756 due primarily to a decrease in police salary and benefit expenditures as a result of the Village using Coronavirus Relief monies to pay for police wages and benefits. Community environment expenditures decreased \$14,605 primarily due to a decrease in consulting service charges. Leisure time activities expenditures increased \$13,882 due to an increase in operating supplies expenditures.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

The following graphs show the breakdown of general fund expenditures by function for 2020 and 2019:



Road Department Fund

The road department fund had revenues of \$389,429 in 2020. The expenditures of the road department fund totaled \$321,218 in 2020. The net increase in fund balance for the road department fund was \$68,211 or 11.01%.

Fire Fund

The fire fund had revenues of \$156,873 in 2020. The expenditures of the fire fund totaled \$122,406 in 2020. The net increase in fund balance for the fire fund was \$34,467 or 9.69%.

Eagle Ridge TIF Fund

The Eagle Ridge TIF fund had revenues of \$378,237 in 2020. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled \$373,474 in 2020. The net increase in fund balance for the Eagle Ridge TIF fund was \$4,763 or 35.64%.

Timber Ridge TIF Fund

The Timber Ridge TIF fund had revenues and other financing sources of \$1,156,909 in 2020. The expenditures of the Timber Ridge TIF fund totaled \$1,153,938 in 2020. The net increase in fund balance for the Timber Ridge TIF fund was \$2,971 or 2.04%.

Police Services Fund

The police services fund had revenues and other financing sources of \$494,192 in 2020. The expenditures of the police services fund totaled \$528,281 in 2020. The net decrease in fund balance for the police services fund was \$34,089 or 5.34%.

Other Governmental Funds

The other governmental funds had revenues and other financing sources of \$1,073,783 in 2020. The expenditures and other financing uses of the other governmental funds totaled \$902,328 in 2020. The net increase in fund balance for the other governmental funds was \$171,455.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

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 and other financing sources of \$1,573,382 were more than final budgeted revenues by \$229,429. Final budgeted expenditures were \$160,380 higher than original budgeted expenditures. Actual expenditures of \$1,224,445 were \$338,029 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 \$1,327,550 in 2020. The operating expenses of the sewer fund totaled \$1,501,423 in 2020. The net decrease in net position for the sewer fund was \$173,873 or 5.05%.

Water Fund

The water fund had operating revenues of \$438,769 in 2020. The operating expenses of the water fund totaled \$479,009 in 2020. The net decrease in net position for the water fund was \$40,240 or 2.96%.

Refuse Fund

The refuse fund had operating revenues of \$530,175 in 2020. The operating expenses of the refuse fund totaled \$509,399 in 2020. The net increase in net position for the refuse fund was \$20,776 or 5.41%.

Capital Assets and Debt Administration

Capital Assets

At the end of 2020, the Village had \$7,995,470 (net of accumulated depreciation) invested in land, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$6,390,764 was reported in governmental activities and \$1,604,706 was reported in business-type activities. See Note 9 for further description of capital assets.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)

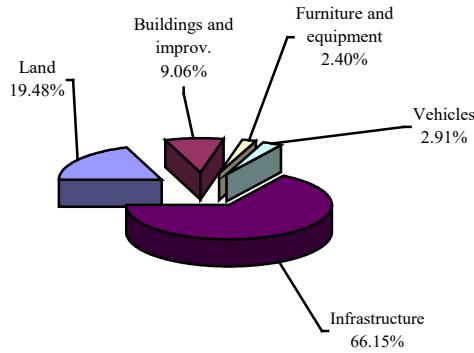
The following table shows December 31, 2020 balances compared to December 31, 2019:

**Capital Assets at December 31, 2020
(Net of Depreciation)**

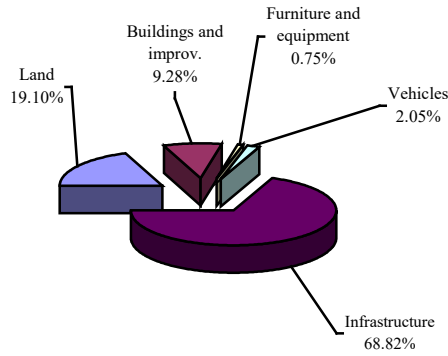
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,244,234	\$ 1,244,234	\$ -	\$ -	\$ 1,244,234	\$ 1,244,234
Buildings and improvements	579,305	604,224	-	-	579,305	604,224
Furniture and equipment	153,564	48,501	32,067	27,815	185,631	76,316
Vehicles	186,080	133,756	-	4,803	186,080	138,559
Infrastructure	4,227,581	4,482,134	1,572,640	1,895,438	5,800,221	6,377,572
Totals	\$ 6,390,764	\$ 6,512,849	\$ 1,604,707	\$ 1,928,056	\$ 7,995,471	\$ 8,440,905

The following graphs show the breakdown of governmental capital assets by category for 2020 and 2019:

**Capital Assets - Governmental Activities
2020**



**Capital Assets - Governmental Activities
2019**



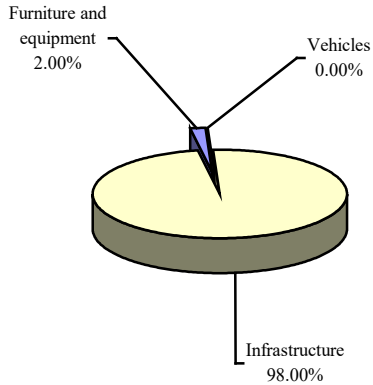
The Village's infrastructure is the largest capital asset category. The net book value of the Village's infrastructure represents approximately 66.15% of the Village's total governmental capital assets.

VILLAGE OF CARLISLE, OHIO

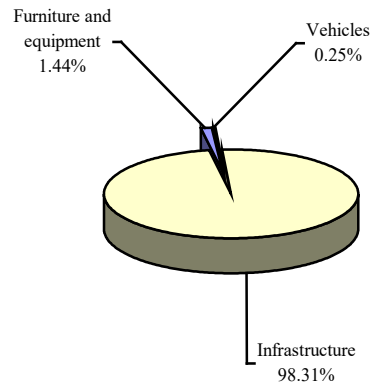
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)

The following graphs show the breakdown of business-type capital assets by category for 2020 and 2019.

Capital Assets - Business-Type Activities 2020



Capital Assets - Business-Type Activities 2019



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 98.00% of the Village’s total business-type capital assets.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2020 and 2019:

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 90,000	\$ 115,000
General obligation notes	940,000	1,205,000
Special assessment bonds	<u>2,598</u>	<u>5,050</u>
Total long-term obligations	<u>\$ 1,032,598</u>	<u>\$ 1,325,050</u>

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 2020 (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 County, Carlisle is a community with over 5,000 residents. It is conveniently located within driving distance of two major cities – Cincinnati (approx. 30 mi. south) and Dayton (approx. 15 mi. north). The area is served by both state and U.S. highways. State Route 123 travels through the heart of Carlisle with State Routes 4 and 73 being located just outside its borders and Interstate Route 75 is just three miles from the downtown area. Carlisle’s early growth stemmed from the still active railroad community. This combination of geographical location and transportation convenience makes Carlisle an attractive site for both families and business alike. The 2010 census indicated that Carlisle had a population of 4,915 thus reverting to “village” status. However, 2019 estimated figures from the US Census Bureau indicate that the community has grown to 5,446. If this growth is stable or grows, Carlisle is expected to reach “city” status, or over 5,000 population, with the official 2020 US Census.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (Unaudited)

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

Despite the uncertainty surrounding the economy due to the COVID19 Pandemic, the Municipality continues to carefully monitor two primary sources of revenue—local income taxes and shared intergovernmental (state) revenue. In order to stabilize the impact of the fluctuations in these revenue sources, Council continues to pursue economic development and job creation; maintain the community's reputation for high public safety standards; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2020 budget, the Municipality utilizes a basic incremental philosophy to submit a budget to Council that balances the operational and capital needs with the available resources.

Local income tax collections for 2020 were stagnant compared to 2019. The Municipality's largest employer – the Carlisle Local School District – continues to show financial improvement after the passage of an operational levy in November 2012 and the passage of a new bond issue in May 2017 that allowed the opening of a new school campus in 2020. This new construction will help attract new families and businesses to Carlisle.

The Municipality continues to struggle to find ways to offset the previous funding reductions at both the State and Federal level as well as general downsizing/rightsizing in overall industry. However, the number of new residential housing has continued to increase in 2020 as compared to 2019 indicating the continuing economic recovery for the area. The Warren County GIS Department projects the amount of households in Carlisle to grow by over 10% from the 2010 US Census to the 2020 US Census. The total assessed valuation of the municipality is \$90,453,940, an increased over 2019's assessed valuation of \$87,669,680. The Municipality continues to prepare itself financially for future lean revenue years with minimal disruption in local services. The Municipality continues to rely heavily on shared-services and reliance on the enterprise funds for cost allocation. A truer cost allocation of services would better align Municipal departments. Council and staff will continue to discuss other economic options in FY2021 to determine options to help insure the long-term financial stability of the village.

These economic factors were considered in preparing the Municipality's budget for fiscal year 2020. Budgeted revenues and other financing sources in the General Fund for fiscal year 2021 budget are \$1,332,710. The Municipality will continue conservative budgeting practices and will continue to look at long-term budget forecasts to make adequate plans to maintain solvency.

Contacting the Village's Financial Management

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

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 4,945,483	\$ 4,224,115	\$ 9,169,598
Receivables (net of allowances for uncollectibles):			
Income taxes	362,064	-	362,064
Property and other taxes	204,992	-	204,992
Payment in lieu of taxes	344,052	-	344,052
Accounts	21,481	166,723	188,204
Accrued interest	9,153	-	9,153
Special assessments	1,032	15,877	16,909
Due from other governments	304,159	152	304,311
Materials and supplies inventory	26,058	4,531	30,589
Prepayments	30,219	37,174	67,393
Net pension asset (See Note 13)	112	176	288
Capital assets:			
Nondepreciable capital assets	1,244,234	-	1,244,234
Depreciable capital assets, net	5,146,530	1,604,706	6,751,236
Total capital assets, net	6,390,764	1,604,706	7,995,470
Total assets	12,639,569	6,053,454	18,693,023
Deferred outflows of resources:			
Pension (See Note 13)	395,605	169,550	565,155
OPEB (See Note 14)	189,354	90,747	280,101
Total deferred outflows of resources	584,959	260,297	845,256
Total assets and deferred outflows of resources	13,224,528	6,313,751	19,538,279
Liabilities:			
Accounts payable	19,122	348	19,470
Accrued wages and benefits payable	9,684	6,814	16,498
Due to other governments	19,907	39,761	59,668
Accrued interest payable	24,402	-	24,402
Notes payable	265,000	-	265,000
Long-term liabilities:			
Due within one year	1,017,178	35,723	1,052,901
Due in more than one year:			
Net pension liability (See Note 13)	1,418,497	600,459	2,018,956
Net OPEB liability (See Note 14)	417,429	415,987	833,416
Other amounts due in more than one year	64,368	29,120	93,488
Total liabilities	3,255,587	1,128,212	4,383,799
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	196,688	-	196,688
Payments in lieu of taxes levied			
for the next fiscal year	344,052	-	344,052
Pension (See Note 13)	198,751	130,082	328,833
OPEB (See Note 14)	110,135	63,105	173,240
Total deferred inflows of resources	849,626	193,187	1,042,813
Total liabilities and deferred inflows of resources	4,105,213	1,321,399	5,426,612
Net position:			
Net investment in capital assets	5,095,764	1,604,706	6,700,470
Restricted for:			
Debt service	68	-	68
Capital projects	5,353	-	5,353
Transportation projects	767,813	-	767,813
Public safety	1,498,289	-	1,498,289
Other purposes	27,657	-	27,657
Unrestricted	1,724,371	3,387,646	5,112,017
Total net position	\$ 9,119,315	\$ 4,992,352	\$ 14,111,667

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 1,559,644	\$ 109,826	\$ 259,242	\$ -
Security of persons and property	1,092,824	-	30,212	-
Transportation	616,676	409	560,564	-
Community environment	149,749	169,521	-	13,315
Leisure time activity	26,372	-	-	-
Interest and fiscal charges	44,337	2,755	-	-
Total governmental activities	<u>3,489,602</u>	<u>282,511</u>	<u>850,018</u>	<u>13,315</u>
Business-type activities:				
Sewer	1,501,423	1,327,550	-	-
Water	479,009	438,769	-	-
Refuse	509,399	530,175	-	-
Total business-type activities	<u>2,489,831</u>	<u>2,296,494</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 5,979,433</u>	<u>\$ 2,579,005</u>	<u>\$ 850,018</u>	<u>\$ 13,315</u>

General revenues:

Property taxes levied for:

- General purposes
- Fire

Income taxes levied for:

- General purposes
- Police services

Grants and entitlements not restricted to specific programs

Payments in lieu of taxes

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (1,190,576)	\$ -	\$ (1,190,576)
(1,062,612)	-	(1,062,612)
(55,703)	-	(55,703)
33,087	-	33,087
(26,372)	-	(26,372)
(41,582)	-	(41,582)
(2,343,758)	-	(2,343,758)
-	(173,873)	(173,873)
-	(40,240)	(40,240)
-	20,776	20,776
-	(193,337)	(193,337)
(2,343,758)	(193,337)	(2,537,095)
73,030	-	73,030
134,668	-	134,668
975,656	-	975,656
487,822	-	487,822
229,356	-	229,356
987,686	-	987,686
114,357	-	114,357
152,769	-	152,769
3,155,344	-	3,155,344
811,586	(193,337)	618,249
8,307,729	5,185,689	13,493,418
\$ 9,119,315	\$ 4,992,352	\$ 14,111,667

VILLAGE OF CARLISLE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Road Department	Fire	Eagle Ridge TIF
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,270,010	\$ 608,985	\$ 389,122	\$ 18,127
Receivables:				
Income taxes	241,377	-	-	-
Property and other taxes	71,728	-	133,264	-
Payment in lieu of taxes	-	-	-	119,788
Accounts	21,289	-	-	-
Special assessments	1,032	-	-	-
Interfund loans	70,000	-	-	-
Accrued interest	9,153	-	-	-
Due from other governments	19,402	170,247	10,215	26,482
Materials and supplies inventory	2,348	23,101	367	-
Prepayments	16,025	1,881	2,057	-
Total assets	<u>\$ 2,722,364</u>	<u>\$ 804,214</u>	<u>\$ 535,025</u>	<u>\$ 164,397</u>
Liabilities:				
Accounts payable	\$ 7,138	\$ 9	\$ 760	\$ -
Accrued wages and benefits	5,351	746	-	-
Due to other governments	7,499	1,446	784	-
Interfund loans payable	-	-	-	-
Notes payable	-	-	-	-
Accrued interest payable	-	-	-	-
Total liabilities	<u>19,988</u>	<u>2,201</u>	<u>1,544</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	69,088	-	127,600	-
Payments in lieu of taxes levied for the next fiscal year	-	-	-	119,788
Delinquent property tax revenue not available	2,640	-	5,664	-
Special assessments revenue not available	1,032	-	-	-
Accrued interest not available	4,883	-	-	-
Income tax revenue not available	100,654	-	-	-
Intergovernmental revenue not available	9,604	114,319	10,200	26,482
Total deferred inflows of resources	<u>187,901</u>	<u>114,319</u>	<u>143,464</u>	<u>146,270</u>
Fund balances:				
Nonspendable	18,373	24,982	2,424	-
Restricted	-	662,712	387,593	18,127
Committed	-	-	-	-
Assigned	62,919	-	-	-
Unassigned (deficit)	2,433,183	-	-	-
Total fund balances	<u>2,514,475</u>	<u>687,694</u>	<u>390,017</u>	<u>18,127</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,722,364</u>	<u>\$ 804,214</u>	<u>\$ 535,025</u>	<u>\$ 164,397</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Timber Ridge TIF	Police Services	Other Governmental Funds	Total Governmental Funds
\$ 327,472	\$ 537,958	\$ 793,809	\$ 4,945,483
-	120,687	-	362,064
-	-	-	204,992
207,942	-	16,322	344,052
-	-	192	21,481
-	-	-	1,032
-	-	-	70,000
-	-	-	9,153
45,971	85	31,757	304,159
-	-	242	26,058
-	10,256	-	30,219
<u>\$ 581,385</u>	<u>\$ 668,986</u>	<u>\$ 842,322</u>	<u>\$ 6,318,693</u>
\$ -	\$ 634	\$ 10,581	\$ 19,122
-	3,587	-	9,684
-	10,178	-	19,907
-	-	70,000	70,000
175,000	-	90,000	265,000
3,631	-	1,770	5,401
<u>178,631</u>	<u>14,399</u>	<u>172,351</u>	<u>389,114</u>
-	-	-	196,688
207,942	-	16,322	344,052
-	-	-	8,304
-	-	-	1,032
-	-	-	4,883
-	50,327	-	150,981
45,971	-	13,354	219,930
<u>253,913</u>	<u>50,327</u>	<u>29,676</u>	<u>925,870</u>
-	10,256	242	56,277
148,841	594,004	449,999	2,261,276
-	-	348,295	348,295
-	-	-	62,919
-	-	(158,241)	2,274,942
<u>148,841</u>	<u>604,260</u>	<u>640,295</u>	<u>5,003,709</u>
<u>\$ 581,385</u>	<u>\$ 668,986</u>	<u>\$ 842,322</u>	<u>\$ 6,318,693</u>

VILLAGE OF CARLISLE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

Total governmental fund balances	\$	5,003,709
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,390,764
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 150,981	
Property taxes receivable	8,304	
Accrued interest receivable	4,883	
Special assessments receivable	1,032	
Intergovernmental receivable	<u>219,930</u>	
Total		385,130
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	(19,001)	
Special assessment bonds	(2,598)	
General obligation bonds	(90,000)	
General obligation notes	(940,000)	
Compensated absences	<u>(48,948)</u>	
		(1,100,547)
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	112	
Deferred outflows	395,605	
Deferred inflows	(198,751)	
Net pension liability	<u>(1,418,497)</u>	
		<u>(1,221,531)</u>
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	189,354	
Deferred inflows of resources	(110,135)	
Net OPEB liability	<u>(417,429)</u>	
Total		<u>(338,210)</u>
Net position of governmental activities	\$	<u><u>9,119,315</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Road Department	Fire	Eagle Ridge TIF
Revenues:				
Income taxes	\$ 936,366	\$ -	\$ -	\$ -
Property and other taxes	72,497	-	133,523	-
Licenses and permits	169,521	409	-	-
Fines and forfeitures	55,352	-	-	-
Intergovernmental	62,410	343,814	21,469	47,514
Special assessments	52,148	-	-	-
Investment income	111,697	4,135	-	-
Payment in lieu of taxes	-	-	-	330,723
Other	126,756	41,071	1,881	-
Total revenues	<u>1,586,747</u>	<u>389,429</u>	<u>156,873</u>	<u>378,237</u>
Expenditures:				
Current:				
General government	628,989	-	-	262,474
Security of persons and property	328,558	-	122,406	-
Transportation	-	293,024	-	-
Community environment	140,374	-	-	-
Leisure time activity	21,136	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	23,125	-	-
Interest and fiscal charges	-	5,069	-	-
Total expenditures	<u>1,119,057</u>	<u>321,218</u>	<u>122,406</u>	<u>262,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>467,690</u>	<u>68,211</u>	<u>34,467</u>	<u>115,763</u>
Other financing sources (uses):				
Issuance of notes	-	-	-	-
Transfers in	15,857	-	-	-
Transfers (out)	-	-	-	(111,000)
Total other financing sources (uses)	<u>15,857</u>	<u>-</u>	<u>-</u>	<u>(111,000)</u>
Net change in fund balances	483,547	68,211	34,467	4,763
Fund balances at beginning of year	<u>2,030,928</u>	<u>619,483</u>	<u>355,550</u>	<u>13,364</u>
Fund balances at end of year	<u>\$ 2,514,475</u>	<u>\$ 687,694</u>	<u>\$ 390,017</u>	<u>\$ 18,127</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Timber Ridge TIF	Police Services	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 468,179	\$ -	\$ 1,404,545
-	-	-	206,020
-	-	-	169,930
-	-	2,840	58,192
85,774	-	412,783	973,764
-	-	-	52,148
-	-	2,224	118,056
596,135	-	60,828	987,686
-	26,013	19,108	214,829
<u>681,909</u>	<u>494,192</u>	<u>497,783</u>	<u>4,185,170</u>
468,976	-	198,304	1,558,743
-	528,281	17,209	996,454
-	-	89,080	382,104
-	-	2,493	142,867
-	-	-	21,136
10,350	-	-	10,350
649,999	-	559,328	1,232,452
24,613	-	20,057	49,739
<u>1,153,938</u>	<u>528,281</u>	<u>886,471</u>	<u>4,393,845</u>
<u>(472,029)</u>	<u>(34,089)</u>	<u>(388,688)</u>	<u>(208,675)</u>
475,000	-	465,000	940,000
-	-	111,000	126,857
-	-	(15,857)	(126,857)
<u>475,000</u>	<u>-</u>	<u>560,143</u>	<u>940,000</u>
2,971	(34,089)	171,455	731,325
145,870	638,349	468,840	4,272,384
<u>\$ 148,841</u>	<u>\$ 604,260</u>	<u>\$ 640,295</u>	<u>\$ 5,003,709</u>

VILLAGE OF CARLISLE, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - total governmental funds \$ 731,325

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	\$ 234,817	
Current year depreciation	(356,902)	
Total		(122,085)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Income taxes	58,933	
Property taxes	1,678	
Special assessments	(514)	
Investment income	(3,699)	
Intergovernmental revenues	59,620	
Total		116,018

The issuance of notes provides current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net position.

(940,000)

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.

1,232,452

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

5,402

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.

(36,866)

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	143,447	
OPEB	3,055	
Total		146,502

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	(257,954)	
OPEB	(63,208)	
Total		(321,162)

Change in net position of governmental activities \$ 811,586

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 828,198	\$ 828,198	\$ 969,583	\$ 141,385
Property and other taxes	61,926	61,926	72,497	10,571
Licenses and permits	144,299	144,299	168,932	24,633
Fines and forfeitures	47,390	47,390	55,480	8,090
Intergovernmental	52,583	52,583	61,559	8,976
Special assessments	44,544	44,544	52,148	7,604
Investment income	46,493	46,493	54,430	7,937
Other	104,975	104,975	122,896	17,921
Total revenues	<u>1,330,408</u>	<u>1,330,408</u>	<u>1,557,525</u>	<u>227,117</u>
Expenditures:				
Current:				
General government	649,066	773,446	667,544	105,902
Security of persons and property	479,636	479,636	350,814	128,822
Community environment	241,959	277,959	184,997	92,962
Leisure time activity	31,433	31,433	21,090	10,343
Total expenditures	<u>1,402,094</u>	<u>1,562,474</u>	<u>1,224,445</u>	<u>338,029</u>
Excess (deficiency) of revenues over (under) expenditures	(71,686)	(232,066)	333,080	565,146
Other financing uses:				
Transfers in	<u>13,545</u>	<u>13,545</u>	<u>15,857</u>	<u>2,312</u>
Net change in fund balance	(58,141)	(218,521)	348,937	567,458
Fund balance at beginning of year	1,742,464	1,742,464	1,742,464	-
Prior year encumbrances appropriated	58,324	58,324	58,324	-
Fund balance at end of year	<u>\$ 1,742,647</u>	<u>\$ 1,582,267</u>	<u>\$ 2,149,725</u>	<u>\$ 567,458</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ROAD DEPARTMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Licenses and permits	\$ 248	\$ 248	\$ 409	\$ 161
Intergovernmental	211,204	211,204	348,493	137,289
Investment income	2,506	2,506	4,135	1,629
Other	2,187	2,187	3,608	1,421
Total revenues	<u>216,145</u>	<u>216,145</u>	<u>356,645</u>	<u>140,500</u>
Expenditures:				
Current:				
Transportation	418,382	419,244	338,481	80,763
Debt service:				
Principal retirement	28,440	28,643	23,125	5,518
Interest and fiscal charges	6,234	6,278	5,069	1,209
Total expenditures	<u>453,056</u>	<u>454,165</u>	<u>366,675</u>	<u>87,490</u>
Excess of revenues under expenditures	(236,911)	(238,020)	(10,030)	227,990
Other financing sources:				
Sale of capital assets	22,705	22,705	37,463	14,758
Net change in fund balance	(214,206)	(215,315)	27,433	242,748
Fund balance at beginning of year	555,586	555,586	555,586	-
Prior year encumbrances appropriated	2,100	2,100	2,100	-
Fund balance at end of year	<u>\$ 343,480</u>	<u>\$ 342,371</u>	<u>\$ 585,119</u>	<u>\$ 242,748</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FIRE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 145,122	\$ 145,122	\$ 133,523	\$ (11,599)
Intergovernmental	23,334	23,334	21,469	(1,865)
Other	2,044	2,044	1,881	(163)
Total revenues	<u>170,500</u>	<u>170,500</u>	<u>156,873</u>	<u>(13,627)</u>
Expenditures:				
Current:				
Security of persons and property	<u>192,354</u>	<u>195,777</u>	<u>122,154</u>	<u>73,623</u>
Net change in fund balance	(21,854)	(25,277)	34,719	59,996
Fund balance at beginning of year	353,390	353,390	353,390	-
Prior year encumbrances appropriated	859	859	859	-
Fund balance at end of year	<u>\$ 332,395</u>	<u>\$ 328,972</u>	<u>\$ 388,968</u>	<u>\$ 59,996</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EAGLE RIDGE TIF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 37,686	\$ 47,514	\$ 47,514	\$ -
Payment in lieu of taxes	262,314	330,723	330,723	-
Total revenues	<u>300,000</u>	<u>378,237</u>	<u>378,237</u>	<u>-</u>
Expenditures:				
Current:				
General government	342,450	263,450	262,474	976
Excess (deficiency) of revenues over (under) expenditures	(42,450)	114,787	115,763	976
Other financing uses:				
Transfers (out)	-	(111,000)	(111,000)	-
Net change in fund balance	(42,450)	3,787	4,763	976
Fund balance at beginning of year	<u>13,364</u>	<u>13,364</u>	<u>13,364</u>	<u>-</u>
Fund balance at end of year	<u>\$ (29,086)</u>	<u>\$ 17,151</u>	<u>\$ 18,127</u>	<u>\$ 976</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 TIMBER RIDGE TIF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 76,603	\$ 130,153	\$ 85,774	\$ (44,379)
Payment in lieu of taxes	532,396	904,571	596,135	(308,436)
Total revenues	<u>608,999</u>	<u>1,034,724</u>	<u>681,909</u>	<u>(352,815)</u>
Expenditures:				
Current:				
General government	685,527	685,527	468,975	216,552
Capital outlay	15,129	15,129	10,350	4,779
Debt service:				
Principal retirement	1,205,948	1,205,948	825,000	380,948
Interest and fiscal charges	35,978	35,978	24,613	11,365
Total expenditures	<u>1,942,582</u>	<u>1,942,582</u>	<u>1,328,938</u>	<u>613,644</u>
Excess of revenues under expenditures	(1,333,583)	(907,858)	(647,029)	260,829
Other financing sources:				
Note issuance	580,501	986,306	650,000	(336,306)
Net change in fund balance	(753,082)	78,448	2,971	(75,477)
Fund balance at beginning of year	<u>324,501</u>	<u>324,501</u>	<u>324,501</u>	<u>-</u>
Fund balance at end of year	<u>\$ (428,581)</u>	<u>\$ 402,949</u>	<u>\$ 327,472</u>	<u>\$ (75,477)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 POLICE SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 447,868	\$ 447,868	\$ 484,787	\$ 36,919
Other	20,845	20,845	22,563	1,718
Total revenues	<u>468,713</u>	<u>468,713</u>	<u>507,350</u>	<u>38,637</u>
Expenditures:				
Current:				
Security of persons and property	539,425	564,552	448,452	116,100
Excess (deficiency) of revenues over (under) expenditures	(70,712)	(95,839)	58,898	154,737
Other financing sources:				
Sale of capital assets	3,187	3,187	3,450	263
Net change in fund balance	(67,525)	(92,652)	62,348	155,000
Fund balance at beginning of year	570,675	570,675	570,675	-
Prior year encumbrances appropriated	5,275	5,275	5,275	-
Fund balance at end of year	<u>\$ 508,425</u>	<u>\$ 483,298</u>	<u>\$ 638,298</u>	<u>\$ 155,000</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 2,766,656	\$ 885,008	\$ 572,451	\$ 4,224,115
Receivables (net of allowance for uncollectibles):				
Accounts	120,094	24,416	22,213	166,723
Special assessments	14,296	-	1,581	15,877
Due from other governments	102	25	25	152
Materials and supplies inventory	817	3,617	97	4,531
Prepayments	31,309	3,332	2,533	37,174
Net pension asset (See Note 13)	118	27	31	176
Total current assets	<u>2,933,392</u>	<u>916,425</u>	<u>598,931</u>	<u>4,448,748</u>
Noncurrent assets:				
Capital assets:				
Total depreciable capital assets, net	1,005,619	598,431	656	1,604,706
Total capital assets, net	<u>1,005,619</u>	<u>598,431</u>	<u>656</u>	<u>1,604,706</u>
Total assets	<u>3,939,011</u>	<u>1,514,856</u>	<u>599,587</u>	<u>6,053,454</u>
Deferred outflows of resources:				
Pension (See Note 13)	124,930	19,634	24,986	169,550
OPEB (See Note 14)	66,174	10,209	14,364	90,747
Total deferred outflows of resources	<u>191,104</u>	<u>29,843</u>	<u>39,350</u>	<u>260,297</u>
Liabilities:				
Current liabilities:				
Accounts payable	320	15	13	348
Accrued wages and benefits	4,645	1,048	1,121	6,814
Compensated absences	24,735	6,211	4,777	35,723
Due to other governments	6,919	31,136	1,706	39,761
Total current liabilities	<u>36,619</u>	<u>38,410</u>	<u>7,617</u>	<u>82,646</u>
Long-term liabilities:				
Compensated absences	19,318	1,987	7,815	29,120
Net pension liability (See Note 13)	402,695	91,605	106,159	600,459
Net OPEB liability (See Note 14)	278,980	63,462	73,545	415,987
Total long-term liabilities	<u>700,993</u>	<u>157,054</u>	<u>187,519</u>	<u>1,045,566</u>
Total liabilities	<u>737,612</u>	<u>195,464</u>	<u>195,136</u>	<u>1,128,212</u>
Deferred inflows of resources:				
Pension (See Note 13)	85,456	19,439	25,187	130,082
OPEB (See Note 14)	40,029	9,580	13,496	63,105
Total deferred inflows of resources	<u>125,485</u>	<u>29,019</u>	<u>38,683</u>	<u>193,187</u>
Net position:				
Net investment in capital assets	1,005,619	598,431	656	1,604,706
Unrestricted	2,261,399	721,785	404,462	3,387,646
Total net position	<u>\$ 3,267,018</u>	<u>\$ 1,320,216</u>	<u>\$ 405,118</u>	<u>\$ 4,992,352</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Operating revenues:				
Charges for services	\$ 1,217,082	\$ 367,357	\$ 525,286	\$ 2,109,725
Tap-in fees	87,231	43,430	-	130,661
Other	23,237	27,982	4,889	56,108
Total operating revenues	1,327,550	438,769	530,175	2,296,494
Operating expenses:				
Personal services	549,238	125,012	134,393	808,643
Contract services	660,792	283,276	374,475	1,318,543
Materials and supplies	10,328	14,643	294	25,265
Transportation	888	360	135	1,383
Depreciation	279,494	55,132	35	334,661
Other	683	586	67	1,336
Total operating expenses	1,501,423	479,009	509,399	2,489,831
Operating income (loss)/change in net position	(173,873)	(40,240)	20,776	(193,337)
Net position at beginning of year	3,440,891	1,360,456	384,342	5,185,689
Net position at end of year	\$ 3,267,018	\$ 1,320,216	\$ 405,118	\$ 4,992,352

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,281,581	\$ 425,051	\$ 511,181	\$ 2,217,813
Cash received from other operations	23,237	27,982	4,889	56,108
Cash payments for personal services	(482,365)	(115,780)	(119,747)	(717,892)
Cash payments for contractual services	(685,515)	(266,563)	(404,581)	(1,356,659)
Cash payments for materials and supplies	(10,309)	(18,714)	(294)	(29,317)
Cash payments for transportation	(888)	(360)	(135)	(1,383)
Cash payments for other expenses	(683)	(586)	(67)	(1,336)
Net cash provided by (used in) operating activities	<u>125,058</u>	<u>51,030</u>	<u>(8,754)</u>	<u>167,334</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(2,289)	(8,331)	(691)	(11,311)
Net cash used in capital and related financing activities	<u>(2,289)</u>	<u>(8,331)</u>	<u>(691)</u>	<u>(11,311)</u>
Net increase (decrease) in cash and cash equivalents	122,769	42,699	(9,445)	156,023
Cash and cash equivalents at beginning of year . . .	2,643,887	842,309	581,896	4,068,092
Cash and cash equivalents at end of year	<u>\$ 2,766,656</u>	<u>\$ 885,008</u>	<u>\$ 572,451</u>	<u>\$ 4,224,115</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (173,873)	\$ (40,240)	\$ 20,776	\$ (193,337)
Adjustments:				
Depreciation	279,494	55,132	35	334,661
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
(Increase) decrease in accounts receivable	(29,118)	14,264	(14,276)	(29,130)
Decrease in special assessments receivable	6,386	-	171	6,557
Decrease in materials and supplies inventory	46	-	-	46
(Increase) in prepayments	(30,869)	(3,220)	(2,487)	(36,576)
(Increase) in due from other governments	(102)	(25)	(25)	(152)
(Increase) in net pension asset	(47)	(9)	(8)	(64)
Decrease in deferred outflows of resources - pension . .	58,381	24,426	36,949	119,756
(Increase) in deferred outflows of resources - OPEB . .	(38,700)	(5,254)	(3,292)	(47,246)
(Decrease) in accounts payable	(25,160)	(4,062)	(30,144)	(59,366)
(Decrease) in accrued wages and benefits	(10,203)	(2,956)	(2,289)	(15,448)
Increase (decrease) in due to other governments	(424)	16,796	(169)	16,203
Increase in compensated absences payable	22,223	5,549	4,464	32,236
(Decrease) in net pension liability	(89,414)	(35,841)	(50,249)	(175,504)
Increase (decrease) in net OPEB liability	44,773	2,807	(893)	46,687
Increase in deferred inflows of resources - pension . . .	75,957	15,938	21,204	113,099
Increase in deferred inflows of resources - OPEB	35,708	7,725	11,479	54,912
Net cash provided by (used in) operating activities	<u>\$ 125,058</u>	<u>\$ 51,030</u>	<u>\$ (8,754)</u>	<u>\$ 167,334</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE

STATEMENT OF FIUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents.	\$ 8,373
Total assets	<u>8,373</u>
Liabilities:	
Due to other governments	<u>8,373</u>
Total liabilities	<u>8,373</u>
Net position:	
Total net position	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Custodial
Additions:	
Fines and forfeitures for other governments	\$ 12,310
Total additions	12,310
Deductions:	
Fines and forfeitures distributions to other governments	12,310
Total deductions	12,310
Net change in fiduciary net position	-
Net position beginning of year	-
Net position end of year	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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).

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

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 custodial 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 has a custodial fund for Mayor's Court.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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.

E. Basis of Accounting

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

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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, 2020, but which were levied to finance 2021 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.

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 are required to be budgeted and appropriated. The legal level of budgetary control is at the object level for all funds. Budgetary modifications may only be made by resolution of the Village Council at the legal level of control.

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to January 1, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the first and final amended official certificate of estimated resources issued during 2020.

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

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

G. Cash and Cash Equivalents

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

The Village has segregated bank accounts for monies held separate from the Village's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited in the Village treasury. There was no outstanding balance at December 31, 2020.

During 2020, investments were limited to Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, Federal Farm Credit Bureau (FFCB) securities, commercial paper, U.S. Treasury Notes, negotiable CDs, and U.S. Government Money Market Mutual Funds. Investments are reported at fair market value.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2020 amounted to \$111,697 which includes \$60,012 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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

H. Inventories of Materials and Supplies

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

I. Capital Assets

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

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

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

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

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

J. Compensated Absences

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

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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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.

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, 2020, 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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

N. Fund Balance

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

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

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

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

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

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

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

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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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 2020, the Village had no extraordinary or special items.

R. Interfund Balances

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

S. Pensions/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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2020, the Village has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncement is postponed by one year and the Village has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the Village has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

B. Deficit Fund Balances

Fund balances at December 31, 2020 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
SR 123/Reconstruction Phase IV	\$ 17,579
SR 123/Reconstruction Phase V	36,516
SR 123/Reconstruction Phase VI	27,508
SR 123/Reconstruction Phase VII	6,644
SR 123/Reconstruction Phase X	69,994
	<u>\$ 158,241</u>

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

VILLAGE OF CARLISLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, and Government National Mortgage 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; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations of the Village.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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. Except as noted above, 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 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 institutions 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, 2020, the carrying amount of all Village deposits was \$6,076,511 and the bank balance of all Village deposits was \$6,306,898. Of the bank balance, \$250,000 was covered by the FDIC and \$6,029,327 was covered by the Ohio Pooled Collateral System.

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 2020, 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

As of December 31, 2020, the Village had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
FFCB	\$ 150,071	\$ -	\$ -	\$ 150,071	\$ -	\$ -
FHLMC	95,005	-	-	-	-	95,005
FNMA	259,563	-	-	-	-	259,563
Negotiable CD's	1,882,376	-	500,932	252,470	614,961	514,013
U.S. Government money market	3,981	3,981	-	-	-	-
Commercial Paper	389,549	249,730	139,819	-	-	-
U.S Treasury Notes	320,915	320,915	-	-	-	-
Total	\$ 3,101,460	\$ 574,626	\$ 640,751	\$ 402,541	\$ 614,961	\$ 868,581

The weighted average of maturity of investments is 1.52 years.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The Village's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The Village's investments in federal agency securities (FHLMC, FNMA, and FFCB), U.S. Treasury notes, commercial paper, and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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 investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The Village's investments in commercial paper were rated A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government Money Market Mutual Funds were rated AAAM by Standard & Poor's. Negotiable CDs are not rated but are fully insured by the FDIC. 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.

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. The following table includes the percentage of each investment type held by the Village at December 31, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement</u>	
	<u>Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
FFCB	\$ 150,071	0.13%
FHLMC	95,005	60.69%
FNMA	259,563	3.06%
Negotiable CD's	1,882,376	8.37%
U.S. Government money market	3,981	4.84%
Commercial Paper	389,549	12.56%
U.S Treasury Notes	<u>320,915</u>	<u>10.35%</u>
Total	<u>\$ 3,101,460</u>	<u>100.00%</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,076,511
Investments	3,101,460
Total	\$ 9,177,971
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 4,945,483
Business type activities	4,224,115
Custodial funds	8,373
Total	\$ 9,177,971

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended December 31, 2020, consisted of the following, as reported on the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 15,857
Nonmajor governmental funds	Eagle Ridge TIF fund	111,000
Total		\$ 126,857

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 (a nonmajor governmental fund) to capital project funds (nonmajor governmental 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, 2020, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 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, 2020 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 2020 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, 2020 was \$2.92 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2020 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 73,293,300
Commercial/industrial/mineral	10,060,830

Public utility

Personal	<u>7,099,810</u>
Total assessed value	<u>\$ 90,453,940</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2020, consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services), accrued interest, special assessments, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2020.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - RECEIVABLES - (Continued)

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

Governmental activities:

Income taxes	\$ 362,064
Property and other taxes	204,992
Payment in lieu of taxes	344,052
Accounts	21,481
Accrued interest	9,153
Special assessments	1,032
Due from other governments	304,159

Business-type activities:

Accounts	166,723
Special assessments	15,877
Due from other governments	152

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 2020 was \$1,404,545 as reported in the fund financial statements.

THIS SPACE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the governmental activities for the year ended December 31, 2020, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/20</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,244,234	\$ -	\$ -	\$ 1,244,234
Total capital assets, not being depreciated	<u>1,244,234</u>	<u>-</u>	<u>-</u>	<u>1,244,234</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,331,225	-	-	1,331,225
Furniture and equipment	335,934	121,779	-	457,713
Vehicles	671,448	113,038	(64,100)	720,386
Infrastructure	<u>6,347,260</u>	<u>-</u>	<u>-</u>	<u>6,347,260</u>
Total capital assets, being depreciated	<u>8,685,867</u>	<u>234,817</u>	<u>(64,100)</u>	<u>8,856,584</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(727,001)	(24,919)	-	(751,920)
Furniture and equipment	(287,433)	(16,716)	-	(304,149)
Vehicles	(537,692)	(60,714)	64,100	(534,306)
Infrastructure	<u>(1,865,126)</u>	<u>(254,553)</u>	<u>-</u>	<u>(2,119,679)</u>
Total accumulated depreciation	<u>(3,417,252)</u>	<u>(356,902)</u>	<u>64,100</u>	<u>(3,710,054)</u>
Total capital assets, being depreciated, net	<u>5,268,615</u>	<u>(122,085)</u>	<u>-</u>	<u>5,146,530</u>
Governmental activities capital assets, net	<u>\$ 6,512,849</u>	<u>\$ (122,085)</u>	<u>\$ -</u>	<u>\$ 6,390,764</u>

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

Governmental activities:

General government	\$ 16,998
Security of persons and property	36,769
Community environment	2,528
Transportation	295,371
Leisure time activity	<u>5,236</u>
Total depreciation expense - governmental activities	<u>\$ 356,902</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities

Capital asset activity for the business-type activities for the year ended December 31, 2020, was as follows:

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/20</u>
<u>Business-type activities:</u>				
<i>Capital assets, being depreciated</i>				
Furniture and equipment	\$ 231,435	\$ 11,311	\$ -	\$ 242,746
Vehicles	48,015	-	-	48,015
Infrastructure	<u>12,912,124</u>	<u>-</u>	<u>-</u>	<u>12,912,124</u>
Total capital assets, being depreciated	<u>13,191,574</u>	<u>11,311</u>	<u>-</u>	<u>13,202,885</u>
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	(203,620)	(7,059)	-	(210,679)
Vehicles	(43,212)	(4,803)	-	(48,015)
Infrastructure	<u>(11,016,685)</u>	<u>(322,799)</u>	<u>-</u>	<u>(11,339,484)</u>
Total accumulated depreciation	<u>(11,263,517)</u>	<u>(334,661)</u>	<u>-</u>	<u>(11,598,178)</u>
Business-type activities capital assets, net	<u>\$ 1,928,057</u>	<u>\$ (323,350)</u>	<u>\$ -</u>	<u>\$ 1,604,707</u>

Depreciation was charged to departments of the Village as follows:

<u>Business-type activities:</u>	
Sewer	\$ 279,494
Water	55,132
Refuse	<u>35</u>
Total depreciation expense - business-type activities	<u>\$ 334,661</u>

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, 2020, the liability for unpaid compensated absences was \$113,791 for the entire Village.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - LONG-TERM OBLIGATIONS

During 2020, the following changes occurred in the Village's long-term obligations.

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/20</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities					
<u>General obligation bonds:</u>					
Road Improvements Bond	\$ 115,000	\$ -	\$ (25,000)	\$ 90,000	\$ 30,000
<u>General obligation notes:</u>					
<i>Direct Placement:</i>					
SR 123 Reconstruction Note	555,000	465,000	(555,000)	465,000	465,000
Timber Ridge TIF Note	<u>650,000</u>	<u>475,000</u>	<u>(650,000)</u>	<u>475,000</u>	<u>475,000</u>
Total general obligation notes	<u>1,205,000</u>	<u>940,000</u>	<u>(1,205,000)</u>	<u>940,000</u>	<u>940,000</u>
<u>Special assessment bonds:</u>					
<i>Direct Placement:</i>					
Jamaica Road Improvements	5,050	-	(2,452)	2,598	2,598
<u>Other long-term obligations:</u>					
Net pension liability	1,553,603	-	(135,106)	1,418,497	-
Net OPEB liability	319,597	97,832	-	417,429	-
Compensated absences	<u>26,476</u>	<u>44,871</u>	<u>(22,399)</u>	<u>48,948</u>	<u>44,580</u>
Total other long-term obligations	<u>1,899,676</u>	<u>142,703</u>	<u>(157,505)</u>	<u>1,884,874</u>	<u>44,580</u>
Total governmental activities long-term obligations	<u>\$ 3,224,726</u>	<u>\$ 1,082,703</u>	<u>\$ (1,389,957)</u>	<u>\$ 2,917,472</u>	<u>\$ 1,017,178</u>
Business-type activities					
<u>Other long-term obligations:</u>					
Net pension liability	\$ 775,963	\$ -	\$ (175,504)	\$ 600,459	\$ -
Net OPEB liability	369,300	46,687	-	415,987	-
Compensated absences	<u>32,607</u>	<u>40,549</u>	<u>(8,313)</u>	<u>64,843</u>	<u>35,723</u>
Total business-type activities long-term obligations	<u>\$ 1,177,870</u>	<u>\$ 87,236</u>	<u>\$ (183,817)</u>	<u>\$ 1,081,289</u>	<u>\$ 35,723</u>

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).

SR 123 Reconstruction Note

On May 10, 2019, the Village issued a \$655,000 general obligation note for the purpose of reconstructing and improving SR 123. The note bore an interest rate of 3.00% and matured on May 8, 2020. Upon retirement of the note, on May 8, 2020, the Village reissued a \$555,000 general obligation note for the same purpose. The 2020 note bears an interest rate of 4.00% and will mature on May 7, 2021. The 2020 note was refinanced subsequent to year-end on May 7, 2021 (see Note 22). 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). The SR 123 Reconstruction Note was a direct placement with terms negotiated directly between the Village and the investor and were not offered for public sale.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Timber Ridge TIF Note

On April 26, 2019, the Village issued a \$825,000 general obligation note for the purpose of road construction and improvements at Timber Ridge. The note bore an interest rate of 3.00% and matured on April 25, 2020. Upon retirement of the note, on April 25, 2020, the Village reissued an \$650,000 general obligation note for the same purpose. The 2020 note bears an interest rate of 5.00% and will mature on April 24, 2021. The 2020 note was refinanced subsequent to year-end on April 24, 2021 (see Note 22). 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. The Timber Ridge TIF Note was a direct placement with terms negotiated directly between the Village and the investor and were not offered for public sale.

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 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). The Jamaica Road Improvement special assessment bonds were a direct placement with terms negotiated directly between the Village and the investor and were not offered for public sale.

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, 2020, the Village's total debt margin was \$8,200,134 and the unvoted debt margin was \$4,974,967.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements - Principal and interest requirements to retire the Village's bonds outstanding at December 31, 2020 were:

Year Ending December 31,	Road Improvements General Obligation Bonds			<i>Direct Placment</i> Jamaica Road Improvements Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total
	2021	\$ 30,000	\$ 4,080	\$ 34,080	\$ 2,598	\$ 156
2022	30,000	2,880	32,880	-	-	-
2023	30,000	1,440	31,440	-	-	-
Total	<u>\$ 90,000</u>	<u>\$ 8,400</u>	<u>\$ 98,400</u>	<u>\$ 2,598</u>	<u>\$ 156</u>	<u>\$ 2,754</u>

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 2020, 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:

<u>Company</u>	<u>Type</u>	<u>Deductible</u>	<u>Coverage</u>
The Ohio Plan	Commercial Property	\$1,000	\$3,983,517
The Ohio Plan	Scheduled & Misc. Equipment	\$1,000	\$790,983
The Ohio Plan	Auto Comprehensive & Collision	\$500	ACV
The Ohio Plan	Emergency Auto Comprehensive & Collision	\$500	RC
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	\$2,500	\$250,000
The Ohio Plan	Law Enforcement Operations	\$5,000	\$5,000,000 per occurrence \$7,000,000 aggregate
The Ohio Plan	Wrongful Acts	\$5,000	\$5,000,000

There has been no material change in this coverage for the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years. Health insurance is provided to eligible employees through a commercial carrier.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Asset and Net OPEB Liability

Pensions and OPEB 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 net pension liability/asset and the net OPEB liability represent the Village’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB 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.

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/OPEB are financed; however, the Village does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. 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. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. 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 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2020 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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, the Combined Plan and Member-Directed Plan was \$135,860 for 2020. Of this amount, \$11,649 is reported as due to other governments.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent 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 (see OP&F Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

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 3.00% or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30th 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 3.00% of their base pension or disability benefit.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	Police
2020 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2020 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 \$90,497 for 2020. Of this amount, \$8,396 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 were measured as of December 31, 2019, 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, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The Village's proportion of the net pension liability or asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00429900%	0.00747700%	0.01411500%	
Proportion of the net pension liability/asset current measurement date	0.00497800%	0.00761100%	0.01536430%	
Change in proportionate share	0.00067900%	0.00013400%	0.00124930%	
Proportionate share of the net pension liability	\$ 983,935	\$ -	\$ 1,035,021	\$ 2,018,956
Proportionate share of the net pension asset	-	288	-	288
Pension expense	242,579	(170)	155,741	398,150

Of the Village's proportionate share of the net pension liability of \$2,018,956, \$1,418,497 is reported in the governmental activities and \$600,459 is reported in the business-type activities.

Of the Village's proportionate share of the net pension asset of \$288, \$112 is reported in the governmental activities and \$176 is reported in the business-type activities.

Of the \$398,150 reported as pension expense, \$257,954 is reported in the governmental activities and \$140,196 is reported in the business-type activities.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2020, 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	\$ -	\$ 960	\$ 39,177	\$ 40,137
Changes of assumptions	52,553	47	25,406	78,006
Changes in employer's proportionate percentage/difference between employer contributions	127,883	-	92,772	220,655
Contributions subsequent to the measurement date	131,542	4,318	90,497	226,357
Total deferred outflows of resources	<u>\$ 311,978</u>	<u>\$ 5,325</u>	<u>\$ 247,852</u>	<u>\$ 565,155</u>

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 12,441	\$ -	\$ 53,379	\$ 65,820
Net difference between projected and actual earnings on pension plan investments	196,270	89	49,999	246,358
Changes in employer's proportionate percentage/difference between employer contributions	2,659	-	13,996	16,655
Total deferred inflows of resources	<u>\$ 211,370</u>	<u>\$ 89</u>	<u>\$ 117,374</u>	<u>\$ 328,833</u>

\$226,357 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, 2021. Of the amount reported as contributions subsequent to the measurement date, \$143,447 is reported in the governmental activities and \$82,910 is reported in the business-type activities.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
2021	\$ 64,321	\$ 115	\$ 11,917	\$ 76,353
2022	(25,449)	115	14,009	(11,325)
2023	8,128	138	39,859	48,125
2024	(77,934)	103	(27,793)	(105,624)
2025	-	121	1,989	2,110
Thereafter	-	326	-	326
Total	\$ (30,934)	\$ 918	\$ 39,981	\$ 9,965

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, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

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: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

During 2019, 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 17.20% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the 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 long-term expected 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	25.00 %	1.83 %
Domestic equities	19.00	5.75
Real estate	10.00	5.20
Private equity	12.00	10.70
International equities	21.00	7.66
Other investments	13.00	4.98
Total	<u>100.00 %</u>	<u>5.61 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the Village's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Village's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 1,622,828	\$ 983,935	\$ 409,590
Member-Directed Plan	(152)	(288)	(381)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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 the value 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below.

Valuation date	1/1/19 with actuarial liabilities rolled forward to 12/31/19
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of
Cost of living adjustments	inflation rate of 2.75% plus productivity increase rate of 0.50% 3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
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 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, 2019 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. 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.

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	Current Discount Rate	1% Increase
Village's proportionate share of the net pension liability	\$ 1,434,504	\$ 1,035,021	\$ 700,894

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 13 for a description of the net OPEB liability.

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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 allowing 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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. 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. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined 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 2020 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$1,727 for 2020. Of this amount, \$148 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 health care 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. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental 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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.50% 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.

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.

The Village's contractually required contribution to OP&F was \$2,382 for 2020. Of this amount, \$221 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, 2018, rolled forward to the measurement date of December 31, 2019, 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, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. 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:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.00429800%	0.01411500%	
Proportion of the net OPEB liability current measurement date	<u>0.00493500%</u>	<u>0.01536430%</u>	
Change in proportionate share	<u>0.00063700%</u>	<u>0.00124930%</u>	
Proportionate share of the net OPEB liability	\$ 681,652	\$ 151,764	\$ 833,416
OPEB expense	\$ 103,217	\$ 15,398	\$ 118,615

Of the Village's proportionate share of the net OPEB liability of \$833,416, \$417,429 is reported in the governmental activities and \$415,987 is reported in the business-type activities.

Of the \$118,615 reported as OPEB expense, \$63,208 is reported in the governmental activities and \$55,407 is reported in the business-type activities.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 19	\$ -	\$ 19
Changes of assumptions	107,900	88,727	196,627
Changes in employer's proportionate percentage/difference between employer contributions	60,532	18,814	79,346
Contributions subsequent to the measurement date	1,727	2,382	4,109
Total deferred outflows of resources	<u>\$ 170,178</u>	<u>\$ 109,923</u>	<u>\$ 280,101</u>

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 62,341	\$ 16,320	\$ 78,661
Net difference between projected and actual earnings on OPEB plan investments	34,710	6,982	41,692
Changes of assumptions	-	32,343	32,343
Changes in employer's proportionate percentage/difference between employer contributions	4,306	16,238	20,544
Total deferred inflows of resources	<u>\$ 101,357</u>	<u>\$ 71,883</u>	<u>\$ 173,240</u>

\$4,109 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, 2021. Of the amount reported as contributions subsequent to the measurement date, \$3,055 is reported in the governmental activities and \$1,054 is reported in the business-type activities.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Year Ending December 31:	OPERS	OP&F	Total
2021	\$ 53,640	\$ 5,855	\$ 59,495
2022	28,257	5,857	34,114
2023	25	7,288	7,313
2024	(14,828)	5,032	(9,796)
2025	-	6,403	6,403
Thereafter	-	5,223	5,223
Total	\$ 67,094	\$ 35,658	\$ 102,752

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 health care costs 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 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, 2018, rolled forward to the measurement date of December 31, 2019. 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%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.50% ultimate in 2030
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 2019, 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, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 was 19.70% for 2019.

The allocation of investment assets within 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 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.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 6.00% and a municipal bond rate of 2.75%. 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 proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Village's proportionate share of the net OPEB liability	\$ 892,051	\$ 681,652	\$ 513,191

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 1.00% lower or 1.00% higher than the current rate.

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 2020 is 10.50%. 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 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Village's proportionate share of the net OPEB liability	\$ 661,537	\$ 681,652	\$ 701,510

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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 the value 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.

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

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	3.56%
Prior measurement date	4.66%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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%.

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
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 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, 2019, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u>120.00 %</u>	

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 their 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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. For 2018, the total OPEB liability was calculated using the discount rate of 4.66%. 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 of 8.00%. 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 2.75% at December 31, 2019 and 4.13% at December 31, 2018, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 3.56% for 2019 and 4.66% for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 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 - 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 3.56%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%), or one percentage point higher (4.56%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 188,178	\$ 151,764	\$ 121,507

Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

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);

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis) but have separate legally adopted budgets (budget basis).

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

	Net Change in Fund Balance					
	<u>General Fund</u>	<u>Road Department</u>	<u>Fire</u>	<u>Eagle Ridge TIF</u>	<u>Timber Ridge TIF</u>	<u>Police Services</u>
Budget basis	\$ 348,937	\$ 27,433	\$ 34,719	\$ 4,763	\$ 2,971	\$ 62,348
Net adjustment for revenue accruals	25,362	32,784	-	-	-	(13,158)
Net adjustment for expenditure accruals	47,360	21,591	(406)	-	175,000	20,511
Net adjustment for other sources/uses	-	(37,463)	-	-	(175,000)	(3,450)
Funds budgeted elsewhere	3,860	-	-	-	-	-
Adjustment for encumbrances	<u>58,028</u>	<u>23,866</u>	<u>154</u>	<u>-</u>	<u>-</u>	<u>(100,340)</u>
GAAP basis	<u>\$ 483,547</u>	<u>\$ 68,211</u>	<u>\$ 34,467</u>	<u>\$ 4,763</u>	<u>\$ 2,971</u>	<u>\$ (34,089)</u>

THIS SPACE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - FUND BALANCE

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

Fund cash balance	General	Road	Fire	Eagle Ridge TIF	Timber Ridge TIF	Police Services	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Materials and supplies inventory	\$ 2,348	\$ 23,101	\$ 367	\$ -	\$ -	\$ -	\$ 242	\$ 26,058
Prepays	<u>16,025</u>	<u>1,881</u>	<u>2,057</u>	<u>-</u>	<u>-</u>	<u>10,256</u>	<u>-</u>	<u>30,219</u>
Total nonspendable	<u>18,373</u>	<u>24,982</u>	<u>2,424</u>	<u>-</u>	<u>-</u>	<u>10,256</u>	<u>242</u>	<u>56,277</u>
Restricted:								
General government	-	-	-	18,127	-	-	223,402	241,529
Capital improvements	-	-	-	-	148,841	-	23	148,864
Security of persons and property	-	-	387,593	-	-	594,004	816	982,413
Community environment programs	-	-	-	-	-	-	5,330	5,330
Transportation	-	662,712	-	-	-	-	79,877	742,589
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,551</u>	<u>140,551</u>
Total restricted	<u>-</u>	<u>662,712</u>	<u>387,593</u>	<u>18,127</u>	<u>148,841</u>	<u>594,004</u>	<u>449,999</u>	<u>2,261,276</u>
Committed:								
Transportation	-	-	-	-	-	-	247,534	247,534
Capital improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,761</u>	<u>100,761</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>348,295</u>	<u>348,295</u>
Assigned:								
General government	8,008	-	-	-	-	-	-	8,008
Security of persons and property	770	-	-	-	-	-	-	770
Community environment programs	40,648	-	-	-	-	-	-	40,648
Subsequent year appropriations	13,475	-	-	-	-	-	-	13,475
Leisure time activities	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>
Total assigned	<u>62,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,919</u>
Unassigned (deficit)	<u>2,433,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158,241)</u>	<u>2,274,942</u>
Total fund cash balances	<u>\$ 2,514,475</u>	<u>\$ 687,694</u>	<u>\$ 390,017</u>	<u>\$ 18,127</u>	<u>\$ 148,841</u>	<u>\$ 604,260</u>	<u>\$ 640,295</u>	<u>\$ 5,003,709</u>

NOTE 17 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 49,444
Road department fund	23,858
Fire fund	154
Nonmajor governmental funds	<u>112,894</u>
Total	<u>\$ 186,350</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020.

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, 2020, was as follows:

	<u>Balance</u> <u>12/31/2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/2020</u>
<u>Governmental fund notes</u>				
<i>Direct Placements:</i>				
SR 123 Reconstruction Note	\$ 100,000	\$ 90,000	\$ (100,000)	\$ 90,000
Timber Ridge TIF Note	<u>175,000</u>	<u>175,000</u>	<u>(175,000)</u>	<u>175,000</u>
Total governmental fund notes	<u>\$ 275,000</u>	<u>\$ 265,000</u>	<u>\$ (275,000)</u>	<u>\$ 265,000</u>

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

SR 123 Reconstruction Note

On May 10, 2019, the Village issued a \$655,000 general obligation note for reconstructing and improving SR 123. The note bore an interest rate of 3.00% and matured on May 8, 2020. At December 31, 2019, the short-term portion of the note payable (\$100,000) represented the portion of the 2019 note issue that was retired when the notes were refinanced in 2020. On May 8, 2020, the Village reissued a \$555,000 general obligation note for the same purpose. The 2020 note bears an interest rate of 4.00% and will mature on May 7, 2021. At December 31, 2020, the short-term portion of the note payable (\$90,000) represents the portion of the 2020 note issue that was retired when the notes were refinanced on May 7, 2021 (see Note 22 for detail). The short-term note liability is reflected in the fund which received the proceeds.

Timber Ridge TIF Note

On April 26, 2019, the Village issued a \$825,000 general obligation note for the purpose of road construction and improvements at Timber Ridge. The note bore an interest rate of 3.00% and matured on April 25, 2020. At December 31, 2019, the short-term portion of the note payable (\$175,000) represented the portion of the 2019 note issue that was retired when the notes were refinanced in 2020. On April 25, 2020, the Village reissued a \$650,000 general obligation note for the same purpose. The 2020 note bears an interest rate of 5.00% and will mature on April 24, 2021. At December 31, 2020, the short-term portion of the note payable (\$175,000) represents the portion of the 2020 note issue that was retired when the notes were refinanced on April 24, 2021 (see Note 22 for detail). The short-term note liability is reflected in the fund which received the proceeds.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 20 - TAX ABATEMENTS

As of December 31, 2020, the Village provides tax abatements through Community Reinvestment Area (CRA). This program relates to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

During 2020, the Village's property tax revenues were reduced by \$55,330 as a result of these agreements.

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio and the pension and other employee benefits plan in which the Village participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received \$287,573 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

NOTE 22 - SIGNIFICANT SUBSEQUENT EVENTS

On May 7, 2021, the Village retired the \$555,000 SR 123 Reconstruction general obligation note and reissued a new \$465,000 note for the same purpose. The new note bears an interest rate that shall not be in excess of 5.00% and will mature on May 7, 2022.

On April 24, 2021, the Village retired the \$650,000 Timber Ridge TIF general obligation note and reissued a new \$475,000 note for the same purpose. The new note bears an interest rate of 5.00% and will mature on April 24, 2022.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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 SEVEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
Village's proportion of the net pension liability	0.004978%	0.004299%	0.004083%	0.004419%
Village's proportionate share of the net pension liability	\$ 983,935	\$ 1,177,409	\$ 640,544	\$ 1,003,480
Village's covered payroll	\$ 899,686	\$ 752,314	\$ 660,162	\$ 647,800
Village's proportionate share of the net pension liability as a percentage of its covered payroll	109.36%	156.50%	97.03%	154.91%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%
<i>Member Directed Plan:</i>				
Village's proportion of the net pension asset	0.007611%	0.007477%	0.006693%	0.008342%
Village's proportionate share of the net pension asset	\$ 288	\$ 170	\$ 234	\$ 35
Village's covered payroll	\$ 45,240	\$ 42,740	\$ 36,690	\$ 43,308
Village's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.40%	0.64%	0.08%
Plan fiduciary net position as a percentage of the total pension asset	118.84%	113.42%	124.45%	103.40%

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

	2016	2015	2014
	0.004571%	0.004643%	0.004643%
\$	791,755	\$ 559,999	\$ 547,348
\$	666,625	\$ 664,133	\$ 552,838
	118.77%	84.32%	99.01%
	81.08%	86.45%	86.36%
	0.006787%	n/a	n/a
\$	26	n/a	n/a
\$	37,800	n/a	n/a
	0.07%	n/a	n/a
	103.91%	n/a	n/a

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 SEVEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Village's proportion of the net pension liability	0.15364300%	0.01411500%	0.01382200%	0.01436900%
Village's proportionate share of the net pension liability	\$ 1,035,021	\$ 1,152,157	\$ 848,334	\$ 910,100
Village's covered payroll	\$ 460,505	\$ 356,411	\$ 454,874	\$ 339,916
Village's proportionate share of the net pension liability as a percentage of its covered payroll	224.76%	323.27%	186.50%	267.74%
Plan fiduciary net position as a percentage of the total pension liability	69.89%	63.07%	70.91%	68.36%

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.01486100%	0.01437250%	0.01437250%
\$ 955,994	\$ 744,555	\$ 699,986
\$ 368,916	\$ 346,826	\$ 333,035
259.14%	214.68%	210.18%
66.77%	72.20%	73.00%

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)

	2020	2019	2018	2017
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 131,542	\$ 125,956	\$ 105,324	\$ 85,821
Contributions in relation to the contractually required contribution	(131,542)	(125,956)	(105,324)	(85,821)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 939,586	\$ 899,686	\$ 752,314	\$ 660,162
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 4,318	\$ 4,524	\$ 4,274	\$ 3,669
Contributions in relation to the contractually required contribution	(4,318)	(4,524)	(4,274)	(3,669)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 43,180	\$ 45,240	\$ 42,740	\$ 36,690
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 77,736	\$ 79,995	\$ 79,696	\$ 71,869	\$ 50,656	\$ 51,687
<u>(77,736)</u>	<u>(79,995)</u>	<u>(79,696)</u>	<u>(71,869)</u>	<u>(50,656)</u>	<u>(51,687)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 647,800	\$ 666,625	\$ 664,133	\$ 552,838	\$ 506,560	\$ 516,870
12.00%	12.00%	12.00%	13.00%	10.00%	10.00%
\$ 5,197	\$ 4,536				
<u>(5,197)</u>	<u>(4,536)</u>				
<u>\$ -</u>	<u>\$ -</u>				
\$ 43,308	\$ 37,800				
12.00%	12.00%				

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)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 90,497	\$ 87,496	\$ 67,718	\$ 86,426
Contributions in relation to the contractually required contribution	<u>(90,497)</u>	<u>(87,496)</u>	<u>(67,718)</u>	<u>(86,426)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 476,300	\$ 460,505	\$ 356,411	\$ 454,874
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 64,584	\$ 70,094	\$ 65,897	\$ 52,886	\$ 31,387	\$ 21,211
<u>(64,584)</u>	<u>(70,094)</u>	<u>(65,897)</u>	<u>(52,886)</u>	<u>(31,387)</u>	<u>(21,211)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 339,916	\$ 368,916	\$ 346,826	\$ 332,965	\$ 246,173	\$ 166,361
19.00%	19.00%	19.00%	15.88%	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 FOUR YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Village's proportion of the net OPEB liability	0.004935%	0.004298%	0.004070%	0.004431%
Village's proportionate share of the net OPEB liability	\$ 681,652	\$ 560,358	\$ 441,972	\$ 447,562
Village's covered payroll	\$ 944,926	\$ 795,054	\$ 696,852	\$ 691,108
Village's proportionate share of the net OPEB liability as a percentage of its covered payroll	72.14%	70.48%	63.42%	64.76%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	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 FOUR YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Village's proportion of the net OPEB liability	0.01536430%	0.01411500%	0.01382200%	0.01436900%
Village's proportionate share of the net OPEB liability	\$ 151,764	\$ 128,539	\$ 783,146	\$ 682,064
Village's covered payroll	\$ 460,505	\$ 356,411	\$ 454,874	\$ 339,916
Village's proportionate share of the net OPEB liability as a percentage of its covered payroll	32.96%	36.06%	172.17%	200.66%
Plan fiduciary net position as a percentage of the total OPEB liability	47.08%	46.57%	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)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,727	\$ 1,810	\$ 1,710	\$ 8,069
Contributions in relation to the contractually required contribution	<u>(1,727)</u>	<u>(1,810)</u>	<u>(1,710)</u>	<u>(8,069)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 982,766	\$ 944,926	\$ 795,054	\$ 696,852
Contributions as a percentage of covered payroll	0.18%	0.19%	0.22%	1.16%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 13,822	\$ 7,484	\$ 11,389	\$ 5,526	\$ 20,267	\$ 20,726
<u>(13,822)</u>	<u>(7,484)</u>	<u>(11,389)</u>	<u>(5,526)</u>	<u>(20,267)</u>	<u>(20,726)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 691,108	\$ 704,425	\$ 664,133	\$ 552,838	\$ 506,560	\$ 516,870
2.00%	1.06%	1.71%	1.00%	4.00%	4.01%

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)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 2,382	\$ 2,303	\$ 1,782	\$ 2,274
Contributions in relation to the contractually required contribution	<u>(2,382)</u>	<u>(2,303)</u>	<u>(1,782)</u>	<u>(2,274)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 476,300	\$ 460,505	\$ 356,411	\$ 454,874
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,700	\$ 1,894	\$ 1,728	\$ 12,187	\$ 16,617	\$ 11,229
<u>(1,700)</u>	<u>(1,894)</u>	<u>(1,728)</u>	<u>(12,187)</u>	<u>(16,617)</u>	<u>(11,229)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 339,916	\$ 368,916	\$ 346,826	\$ 332,965	\$ 246,173	\$ 166,361
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%

VILLAGE OF CARLISLE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(SEE ACCOUNTANT'S COMPILATION REPORT)

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

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. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2020.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

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 assumptions 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. There were no changes in assumptions for 2019-2020.

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 2017-2020.

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%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

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. For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model. There were no changes in benefit terms for 2020.

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 reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.

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

May 6, 2022

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, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 6, 2022, wherein we noted the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No.95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. In addition, we noted in our report that, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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*.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



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

**VILLAGE OF CARLISLE
WARREN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020**

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

FINDING NUMBER 2020-001

Material Weakness

Mayor's Court

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets, document compliance with finance related legal and contractual requirements and prepare financial statements required by 117-2-2-03 of the Ohio Administrative Code.

The Village did not report the Mayor's Court receipts and disbursements in the 2020 financial statements filed with the Auditor of State. For 2020, the Mayor's Court Custodial fund had fines and forfeitures for other governments receipts of \$12,310 and fines and forfeitures distributions to other governments expenses of \$12,310.

The Village did not report the Mayor's Court equity pooled and cash equivalents and due to other governments in the 2020 financial statements. For 2020, the Mayor's Court Custodial Fund had equity in pooled cash and cash equivalents of \$8,373 and due to other governments of \$8,373.

The financial statements and accounting records have been adjusted for this error, where applicable.

The Village did not have procedures in place for effective monitoring of the Village's financial activity, and the accuracy and financial reporting. The Village Fiscal Officer has sole responsibility over accounting and reporting. It is important that Council take an active role in monitoring the posting of such activity. Failure to accurately post financial activity and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

We recommend due care be exercised when posting entries to the financial records and financial statement preparation. The Village officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

Officials' Response: Item fully corrected in 2021.

**VILLAGE OF CARLISLE
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Major Fund Determination	Fully Corrected	
2019-002	Mayor's Court	Not Corrected	Repeated as Finding 2020-001

INDEPENDENT AUDITOR'S REPORT

May 6, 2022

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, 2019, 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carlisle, Warren County, Ohio, as of December 31, 2019, 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 2019, the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84 *Fiduciary Activities*, GASB Statement No. 88 *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements* and GASB Statement No 90 *Majority Equity Interests – an amendment to GASB Statements No.14 and No. 61*. As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (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, 2019. 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 2019 are as follows:

- The total net position of the Village increased \$1,391,955. Net position of governmental activities increased \$1,516,323 or 22.33% from 2018's net position and net position of business-type activities decreased \$124,368 or 2.34% from 2018's net position.
- General revenues accounted for \$2,832,146 or 73.45% of total governmental activities revenue. Program specific revenues accounted for \$1,023,987 or 26.55% of total governmental activities revenue.
- The Village had \$2,339,810 in expenses related to governmental activities; \$1,023,987 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$1,315,823 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$2,832,146.
- The general fund had revenues of \$1,594,561 in 2019. This represents an increase of \$323,862 from 2018. The expenditures and other financing uses of the general fund, which totaled \$1,337,273 in 2019, increased \$354,996 from 2018. The net increase in fund balance for the general fund was \$257,288 or 14.51%.
- The road department fund had revenues and other financing sources of \$343,061 in 2019. The expenditures of the road department fund totaled \$314,226 in 2019. The net increase in fund balance for the road department fund was \$28,835 or 4.88%.
- The fire fund had revenues of \$159,233 in 2019. The expenditures of the fire fund totaled \$117,958 in 2019. The net increase in fund balance for the fire fund was \$41,275 or 13.13%.
- The Eagle Ridge TIF fund had revenues \$355,012 in 2019. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled \$360,643. The net decrease in fund balance for the Eagle Ridge TIF fund was \$5,631 or 0.30%.
- The Timber Ridge TIF fund had revenues and other financing sources of \$1,262,030 in 2019. The expenditures of the Timber Ridge TIF fund totaled \$1,260,744. The net increase in fund balance for the Timber Ridge TIF fund was \$1,286 or 0.89%.
- The police services fund had revenues and other financing sources of \$529,647 in 2019. The expenditures of the police services fund totaled \$420,340. The net increase in fund balance for the police services fund was \$109,307 or 20.66%.
- Net position for the business-type activities, which are made up of the sewer, water and refuse enterprise funds, decreased in 2019 by \$124,368.
- In the general fund, the actual revenues came in \$422,209 higher than they were in the final budget and actual expenditures were \$216,211 less than the final budget.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (Unaudited)

Using this Annual Financial Report

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

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

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the Village to provide programs and activities, the view of the Village as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" 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 19-21 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 12.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (Unaudited)

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, 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 22-34 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 35-37 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 statements 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. The fiduciary fund statements can be found on pages 38-39 of this report.

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 40-87 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 89-103 of this report.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)

Government-Wide Financial Analysis

The table below provides a summary of the Village's net position at December 31, 2019 and 2018.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<u>Assets</u>						
Current assets	\$ 5,432,639	\$ 4,945,630	\$ 4,233,406	\$ 3,880,376	\$ 9,666,045	\$ 8,826,006
Capital assets, net	6,512,849	6,551,314	1,928,056	2,267,275	8,440,905	8,818,589
Total assets	11,945,488	11,496,944	6,161,462	6,147,651	18,106,950	17,644,595
<u>Deferred outflows of resources</u>						
Pension	478,475	200,874	289,306	122,853	767,781	323,727
OPEB	105,783	90,114	43,501	22,320	149,284	112,434
Total deferred outflows of resources	584,258	290,988	332,807	145,173	917,065	436,161
<u>Liabilities</u>						
Current liabilities	378,340	587,032	105,534	95,862	483,874	682,894
Long-term liabilities:						
Due within one year	1,254,851	1,533,150	8,313	31,586	1,263,164	1,564,736
Net pension liability	1,553,603	1,071,256	775,963	417,622	2,329,566	1,488,878
Net OPEB liability	319,597	936,961	369,300	288,157	688,897	1,225,118
Other amounts	96,675	128,915	24,294	2,051	120,969	130,966
Total liabilities	3,603,066	4,257,314	1,283,404	835,278	4,886,470	5,092,592
<u>Deferred inflows of resources</u>						
Property taxes and PILOTs	522,754	546,422	-	-	522,754	546,422
Pension	31,954	123,720	16,983	112,246	48,937	235,966
OPEB	64,243	69,070	8,193	35,243	72,436	104,313
Total deferred inflows of resources	618,951	739,212	25,176	147,489	644,127	886,701
<u>Net Position</u>						
Net investment in capital assets	4,917,849	4,466,314	1,928,056	2,267,275	6,845,905	6,733,589
Restricted	2,063,533	1,853,884	-	-	2,063,533	1,853,884
Unrestricted	1,326,347	471,208	3,257,633	3,042,782	4,583,980	3,513,990
Total net position	\$ 8,307,729	\$ 6,791,406	\$ 5,185,689	\$ 5,310,057	\$ 13,493,418	\$ 12,101,463

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.*" The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" 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 and the net pension asset.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (Unaudited)

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/asset 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/asset 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/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the Village's assets and deferred outflows exceeded liabilities and deferred inflows by \$13,493,418. At year-end, net position was \$8,307,729 and \$5,185,689 for the governmental activities and the business-type activities, respectively.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)**

Capital assets reported on the government-wide statements represent the largest portion of the Village's assets. At year-end, capital assets represented 46.62% of total assets. Capital assets include land, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investment in capital assets at December 31, 2019, was \$4,917,849 and \$1,928,056 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.

Liabilities of the governmental activities decreased \$654,248 or 15.37% from 2018. Current liabilities of the governmental activities decreased \$208,692 due to a reduction in short-term notes payable. Long-term obligations of the governmental activities decreased \$445,556 or 12.14% as the City saw a substantial decrease in the net OPEB liability resulting from the Ohio Police & Fire Pension Fund (OP&F) replacing its retiree health care model and current self-insured health care plan with a stipend-based health care model. As a result of the change in OPEB models, OP&F reported a significant decrease in OPEB liability. The Village reports its proportionate share of OP&F OPEB liability. This decrease was partially offset by an increase in the Village's net pension liability.

Liabilities of the business-type activities increased \$448,126 or 53.65% from 2018. Long-term obligations of the business-type activities increased primarily due to an increase in both the Village's net pension liability and net OPEB liability.

A portion of the Village's net position, \$2,063,533, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is \$1,326,347.

THIS SPACE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (Unaudited)

The table below shows the changes in net position for 2019 and 2018.

	Governmental Activities <u>2019</u>	Business-type Activities <u>2019</u>	Governmental Activities <u>2018</u>	Business-type Activities <u>2018</u>	2019 Total	2018 Total
Revenues						
Program revenues:						
Charges for services	\$ 329,497	\$ 2,142,410	\$ 283,475	\$ 2,126,331	\$ 2,471,907	\$ 2,409,806
Operating grants and contributions	686,094	-	345,836	-	686,094	345,836
Capital grants and contributions	8,396	-	20,362	-	8,396	20,362
Total program revenues	<u>1,023,987</u>	<u>2,142,410</u>	<u>649,673</u>	<u>2,126,331</u>	<u>3,166,397</u>	<u>2,776,004</u>
General revenues:						
Property taxes	202,908	-	192,930	-	202,908	192,930
Income taxes	1,399,256	-	1,391,747	-	1,399,256	1,391,747
Unrestricted grants and entitlements	207,228	-	183,412	-	207,228	183,412
Payment in lieu of taxes	886,498	-	742,021	-	886,498	742,021
Investment earnings	75,313	-	30,593	-	75,313	30,593
Miscellaneous	60,943	-	34,958	-	60,943	34,958
Total general revenues	<u>2,832,146</u>	<u>-</u>	<u>2,575,661</u>	<u>-</u>	<u>2,832,146</u>	<u>2,575,661</u>
Total revenues	<u>3,856,133</u>	<u>2,142,410</u>	<u>3,225,334</u>	<u>2,126,331</u>	<u>5,998,543</u>	<u>5,351,665</u>
Expenses:						
General government	1,260,321	-	989,721	-	1,260,321	989,721
Security of persons and property	357,702	-	977,184	-	357,702	977,184
Transportation	439,819	-	415,691	-	439,819	415,691
Community environment	215,538	-	150,441	-	215,538	150,441
Leisure time activity	12,490	-	14,359	-	12,490	14,359
Interest and fiscal charges	53,940	-	70,428	-	53,940	70,428
Sewer	-	1,358,481	-	1,172,804	1,358,481	1,172,804
Refuse	-	478,609	-	446,593	478,609	446,593
Water	-	429,688	-	428,420	429,688	428,420
Total expenses	<u>2,339,810</u>	<u>2,266,778</u>	<u>2,617,824</u>	<u>2,047,817</u>	<u>4,606,588</u>	<u>4,665,641</u>
Change in net position	1,516,323	(124,368)	607,510	78,514	1,391,955	686,024
Net position at beginning of year	<u>6,791,406</u>	<u>5,310,057</u>	<u>6,183,896</u>	<u>5,231,543</u>	<u>12,101,463</u>	<u>11,415,439</u>
Net position at end of year	<u>\$ 8,307,729</u>	<u>\$ 5,185,689</u>	<u>\$ 6,791,406</u>	<u>\$ 5,310,057</u>	<u>\$ 13,493,418</u>	<u>\$ 12,101,463</u>

Governmental Activities

Governmental activities net position increased \$1,516,323 in 2019. During 2019, the Village reported a \$614,482 decrease in security of persons and property expense resulting from a decrease in Other Postemployment Benefits (OPEB) expense related to the Ohio Police & Fire Pension Fund (OP&F). Beginning January 1, 2019, OP&F replaced its retiree health care model and current self-insured health care plan with a stipend-based health care model. As a result of the change in OPEB models, OP&F reported a significant decrease in OPEB expense. The Village reports its proportionate share of OP&F OPEB expense. As a result, the Village's OPEB expense for OP&F for 2019 was (\$652,073), a decrease of \$725,064 from the Village's 2018 OPEB expense.

VILLAGE OF CARLISLE, OHIO

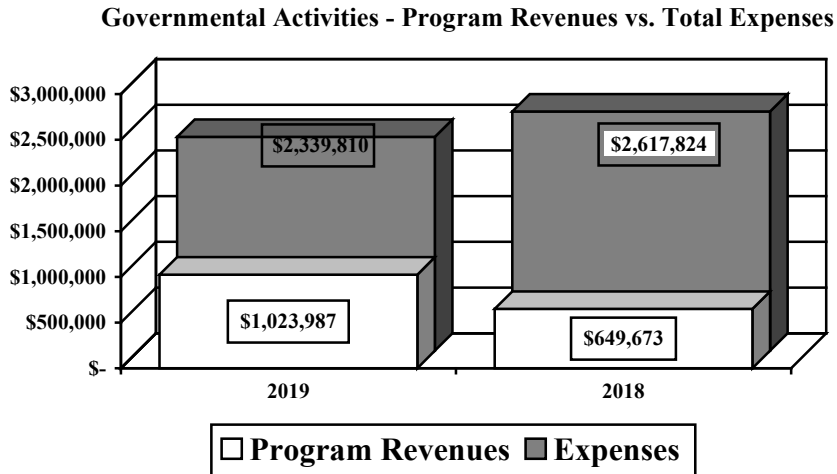
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)

Transportation expenses totaled \$439,819 or 18.80% of the total governmental expenses of the Village. Security of persons and property which primarily supports the operation of police and fire services accounted for \$357,702 or 15.29% of the total governmental expenses of the Village. General government expenses totaled \$1,260,321. General government expenses were partially funded by \$123,986 in direct charges to users of the services.

The state and federal government contributed to the Village a total of \$686,094 in operating grants and contributions and capital grants and contributions of \$8,396. These revenues are restricted to a particular program or purpose.

General revenues totaled \$2,832,146 and amounted to 73.45% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$1,602,164. 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 \$207,228 and payments in lieu of taxes of \$886,498.

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 2019.



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.

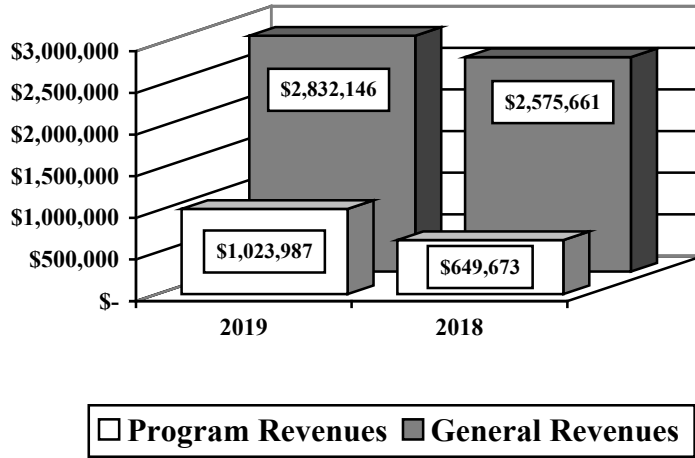
	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
Program expenses:				
General government	\$ 1,260,321	\$ 1,136,335	\$ 989,721	\$ 880,764
Security of persons and property	357,702	355,888	977,184	975,406
Transportation	439,819	(244,461)	415,691	72,172
Community environment	215,538	4,454	150,441	(2,240)
Leisure time activity	12,490	12,490	14,359	14,359
Interest and fiscal charges	53,940	51,117	70,428	27,690
Total	<u>\$ 2,339,810</u>	<u>\$ 1,315,823</u>	<u>\$ 2,617,824</u>	<u>\$ 1,968,151</u>

VILLAGE OF CARLISLE, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)

The dependence upon general revenues for governmental activities is apparent, with 56.24% of expenses supported through taxes and other general revenues. The chart below illustrates the Village’s program revenues versus general revenues for 2019 and 2018.

Governmental Activities - General and Program Revenues

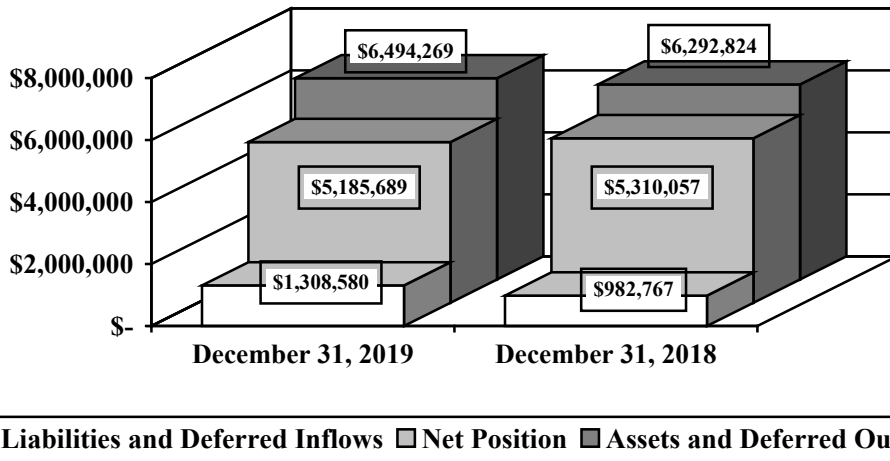


Business-Type Activities

Business-type activities include the sewer, water and refuse enterprise funds. These programs had program revenues of \$2,142,410 and expenses of \$2,266,778 for 2019.

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

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.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)

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 22-23) reported a combined fund balance of \$4,272,384 which is \$865,895 higher than last year's balance of \$3,406,489.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2019 and 2018 for all major and non-major governmental funds.

	<u>Fund Balances</u> <u>12/31/19</u>	<u>Fund Balances</u> <u>12/31/18</u>	<u>Change</u>
Major funds:			
General	\$ 2,030,928	\$ 1,773,640	\$ 257,288
Road Department	619,483	590,648	28,835
Fire	355,550	314,275	41,275
Eagle Ridge TIF	13,364	18,995	(5,631)
Timber Ridge TIF	145,870	144,584	1,286
Police Services	638,349	529,042	109,307
Other nonmajor governmental funds	<u>468,840</u>	<u>54,300</u>	<u>414,540</u>
Total	<u>\$ 4,272,384</u>	<u>\$ 3,425,484</u>	<u>\$ 846,900</u>

General Fund

The Village's general fund balance increased \$257,288. The table that follows assists in illustrating the revenues of the general fund.

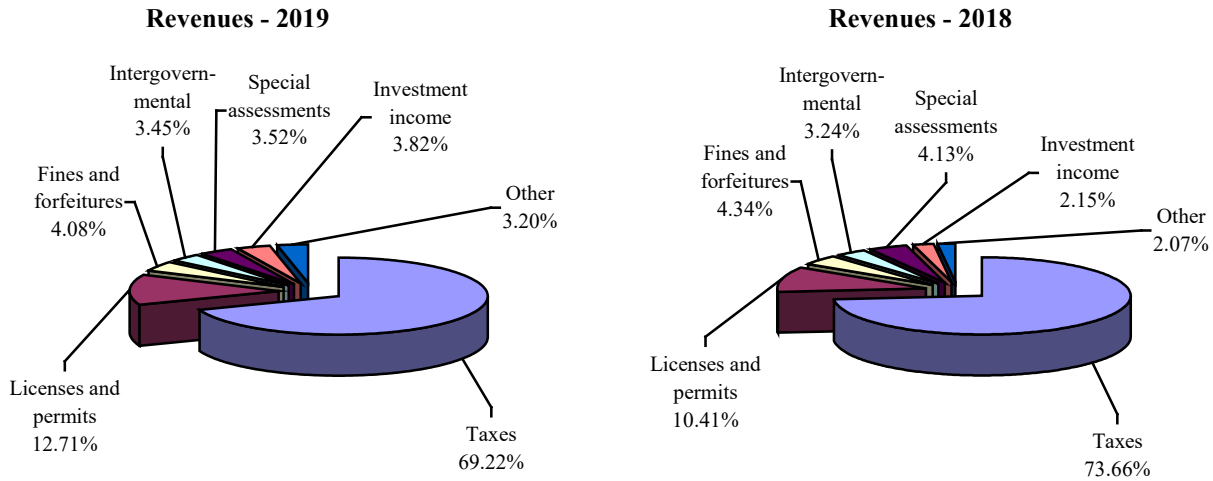
	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	\$ 1,103,676	\$ 936,058	17.91 %
Licenses and permits	202,688	132,296	53.21 %
Fines and forfeitures	65,050	55,135	17.98 %
Intergovernmental	55,052	41,196	33.63 %
Special assessments	56,125	52,450	7.01 %
Investment income	60,998	27,309	123.36 %
Other	<u>50,972</u>	<u>26,255</u>	94.14 %
Total	<u>\$ 1,594,561</u>	<u>\$ 1,270,699</u>	25.49 %

Tax revenue represents 69.22% of all general fund revenue. Tax revenue increased 17.91% from the prior year primarily due to an increase in income tax collections. Investment income increased \$33,689 due to increased interest rates. Licenses and permits revenue increased \$70,392 primarily due to an increase in building permits and electric permits. Other revenues increased \$24,717 due primarily to an increase in refunds and other miscellaneous revenues received during 2019. All other revenues remained comparable to 2018.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)

The following graphs show the breakdown of general fund revenues by type for 2019 and 2018:



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

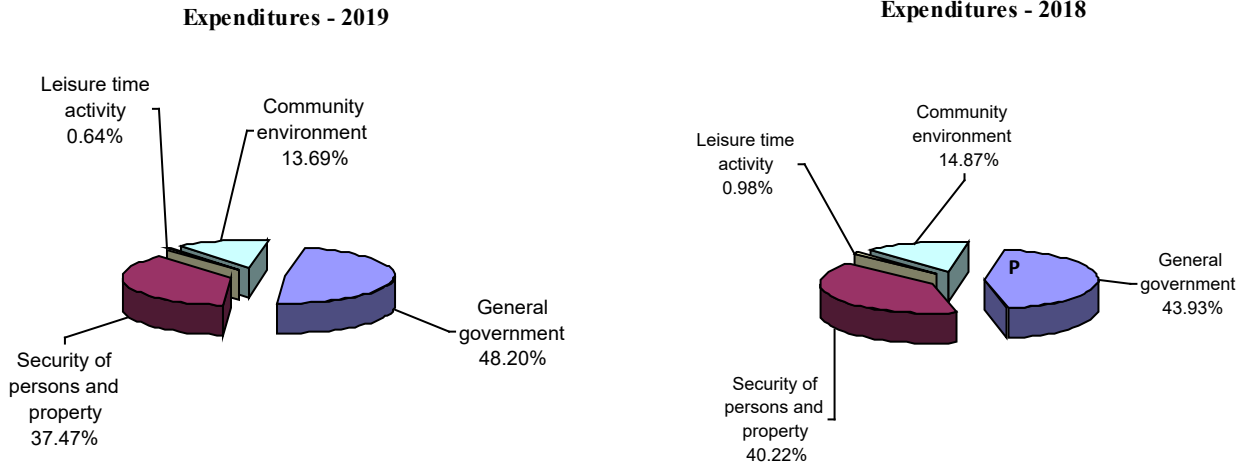
	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 545,726	\$ 409,585	33.24 %
Security of persons and property	424,314	374,914	13.18 %
Community environment	154,979	138,655	11.77 %
Leisure time activity	<u>7,254</u>	<u>9,123</u>	(20.49) %
Total	<u>\$ 1,132,273</u>	<u>\$ 932,277</u>	21.45 %

The Village increased total expenditures by 21.45%. General government expenditures increased \$136,141 or 33.24% mostly due to an increase in contractual service expenditures. Security of persons and property expenditures increased \$49,400 due primarily to an increase in police salary and benefit expenditures. Community environment expenditures increased \$16,324 primarily due to an increase in consulting service charges. Leisure time activities expenditures decreased \$1,869 due to a decrease in operating supplies expenditures.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)

The following graphs show the breakdown of general fund expenditures by function for 2019 and 2018:



Road Department Fund

The road department fund had revenues and other financing sources of \$343,061 in 2019. The expenditures of the road department fund totaled \$314,226 in 2019. The net increase in fund balance for the road department fund was \$28,835 or 4.88%.

Fire Fund

The fire fund had revenues of \$159,233 in 2019. The expenditures of the fire fund totaled \$117,958 in 2019. The net increase in fund balance for the fire fund was \$41,275 or 13.13%.

Eagle Ridge TIF Fund

The Eagle Ridge TIF fund had revenues \$355,012 in 2019. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled \$360,643. The net decrease in fund balance for the Eagle Ridge TIF fund was \$5,631 or 0.30%.

Timber Ridge TIF Fund

The Timber Ridge TIF fund had revenues and other financing sources of \$1,262,030 in 2019. The expenditures of the Timber Ridge TIF fund totaled \$1,260,744 in 2019. The net increase in fund balance for the Timber Ridge TIF fund was \$1,286 or 0.89%.

Police Services Fund

The police services fund had revenues and other financing sources of \$529,647 in 2019. The expenditures of the police services fund totaled \$420,340 in 2019. The net increase in fund balance for the police services fund was \$109,307 or 20.66%.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)**

Other Governmental Funds

The other governmental funds had revenues and other financing sources of \$1,333,836 in 2019. The expenditures of the other governmental funds totaled \$900,301 in 2019. The net increase in fund balance for the other governmental funds was \$433,535. The increase in fund balance is primarily attributed to the receipt of state grants totaling \$289,818 in the CVT fund.

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 \$1,523,862 were more than final budgeted revenues by \$422,209. Final budgeted expenditures and other financing uses were \$287,835 higher than original budgeted expenditures and other financing uses. Actual expenditures and other financing uses of \$1,389,861 were \$216,211 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 \$1,255,639 in 2019. The operating expenses of the sewer fund totaled \$1,358,481 in 2019. The net decrease in net position for the sewer fund was \$102,842 or 2.90%.

Water Fund

The water fund had operating revenues of \$385,819 in 2019. The operating expenses of the water fund totaled \$429,688 in 2019. The net decrease in net position for the water fund was \$43,869 or 3.12%.

Refuse Fund

The refuse fund had operating revenues of \$500,952 in 2019. The operating expenses of the refuse fund totaled \$478,609 in 2019. The net increase in net position for the refuse fund was \$22,343 or 6.17%.

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the Village had \$8,440,905 (net of accumulated depreciation) invested in land, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$6,512,849 was reported in governmental activities and \$1,928,056 was reported in business-type activities. See Note 9 for further description of capital assets.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)

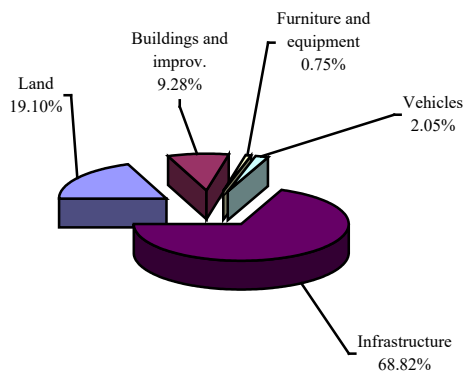
The following table shows December 31, 2019 balances compared to December 31, 2018:

**Capital Assets at December 31, 2019
(Net of Depreciation)**

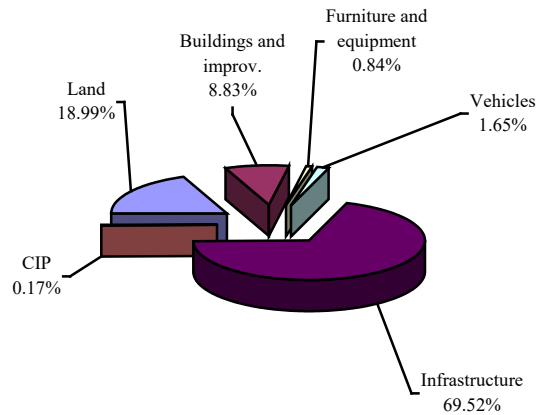
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,244,234	\$ 1,244,234	\$ -	\$ -	\$ 1,244,234	\$ 1,244,234
Construction in progress (CIP)	-	10,875	-	-	-	10,875
Buildings and improvements	604,224	578,805	-	-	604,224	578,805
Furniture and equipment	48,501	54,841	27,815	34,626	76,316	89,467
Vehicles	133,756	107,871	4,803	14,406	138,559	122,277
Infrastructure	4,482,134	4,554,688	1,895,438	2,218,243	6,377,572	6,772,931
Totals	\$ 6,512,849	\$ 6,551,314	\$ 1,928,056	\$ 2,267,275	\$ 8,440,905	\$ 8,818,589

The following graphs show the breakdown of governmental capital assets by category for 2019 and 2018:

**Capital Assets - Governmental Activities
2019**



**Capital Assets - Governmental Activities
2018**

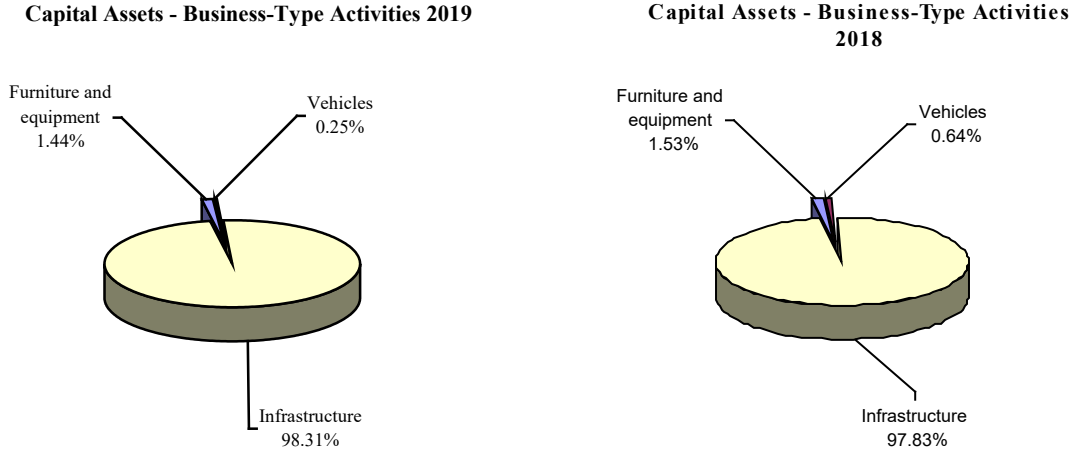


The Village's infrastructure is the largest capital asset category. The net book value of the Village's infrastructure represents approximately 68.82% of the Village's total governmental capital assets.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)

The following graphs show the breakdown of business-type capital assets by category for 2019 and 2018.



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 98.31% of the Village’s total business-type capital assets.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2019 and 2018:

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 115,000	\$ 140,000
General obligation notes	1,205,000	1,480,000
Special assessment bonds	<u>5,050</u>	<u>7,363</u>
Total long-term obligations	<u>\$ 1,325,050</u>	<u>\$ 1,627,363</u>

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 2019 (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. Carlisle’s early growth stemmed from the still active railroad community. This combination of geographical location and transportation convenience makes Carlisle an attractive site for both families and business alike. The 2010 census indicated that Carlisle had a population of 4,915 thus reverting to “village” status. However, 2018 estimated figures from the US Census Bureau indicate that the community has grown to 5,399. If this growth is stable or grows, Carlisle is expected to reach “city” status, or over 5,000 population, with the 2020 US Census.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (Unaudited)

Although Carlisle 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. 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 2019 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 2019 were up as compared to 2018 with a cash-basis (non-GAAP) increase of 15.00% 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. The slated opening for the new building is Fall 2020. This new construction will help 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 2019 as compared to 2018 and 2017 indicating the continuing economic recovery for the area. The Warren County GIS Department projects the number of households in Carlisle to grow by over 10% from the 2010 US Census to the 2020 US Census. In 2019, the Planning and Zoning Department issued 22 new single-family residential home permits totaling \$6,101,900 in new valuation. The Village continues to prepare itself financially for future lean revenue years with minimal disruption in local services. 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 fiscal year 2020 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 2020. Budgeted revenues and other financing sources in the General Fund for fiscal year 2020 budget are \$1,343,770. 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.

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 4,265,416	\$ 4,068,092	\$ 8,333,508
Receivables (net of allowances for uncollectibles):			
Income taxes	352,956	-	352,956
Property and other taxes	205,158	-	205,158
Payment in lieu of taxes	324,222	-	324,222
Accounts	21,020	137,593	158,613
Accrued interest	11,033	-	11,033
Special assessments	1,546	22,434	23,980
Due from other governments	234,806	-	234,806
Materials and supplies inventory	10,527	4,577	15,104
Prepayments	5,897	598	6,495
Net pension asset (See Note 13)	58	112	170
Capital assets:			
Nondepreciable capital assets	1,244,234	-	1,244,234
Depreciable capital assets, net	5,268,615	1,928,056	7,196,671
Total capital assets, net	<u>6,512,849</u>	<u>1,928,056</u>	<u>8,440,905</u>
Total assets	<u>11,945,488</u>	<u>6,161,462</u>	<u>18,106,950</u>
Deferred outflows of resources:			
Pension (See Note 13)	478,475	289,306	767,781
OPEB (See Note 14)	105,783	43,501	149,284
Total deferred outflows of resources	<u>584,258</u>	<u>332,807</u>	<u>917,065</u>
Liabilities:			
Accounts payable	10,596	59,714	70,310
Accrued wages and benefits payable	39,020	22,262	61,282
Due to other governments	23,723	23,558	47,281
Accrued interest payable	30,001	-	30,001
Notes payable	275,000	-	275,000
Long-term liabilities:			
Due within one year	1,254,851	8,313	1,263,164
Due in more than one year:			
Net pension liability (See Note 13)	1,553,603	775,963	2,329,566
Net OPEB liability (See Note 14)	319,597	369,300	688,897
Other amounts due in more than one year	96,675	24,294	120,969
Total liabilities	<u>3,603,066</u>	<u>1,283,404</u>	<u>4,886,470</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	198,532	-	198,532
Payments in lieu of taxes levied for the next fiscal year	324,222	-	324,222
Pension (See Note 13)	31,954	16,983	48,937
OPEB (See Note 14)	64,243	8,193	72,436
Total deferred inflows of resources	<u>618,951</u>	<u>25,176</u>	<u>644,127</u>
Net position:			
Net investment in capital assets	4,917,849	1,928,056	6,845,905
Restricted for:			
Debt service	68	-	68
Capital projects	5,353	-	5,353
Transportation projects	684,630	-	684,630
Public safety	1,346,935	-	1,346,935
Other purposes	26,547	-	26,547
Unrestricted	1,326,347	3,257,633	4,583,980
Total net position	<u>\$ 8,307,729</u>	<u>\$ 5,185,689</u>	<u>\$ 13,493,418</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 1,260,321	\$ 123,986	\$ -	\$ -
Security of persons and property	357,702	-	1,814	-
Transportation	439,819	-	684,280	-
Community environment	215,538	202,688	-	8,396
Leisure time activity	12,490	-	-	-
Interest and fiscal charges	53,940	2,823	-	-
Total governmental activities	<u>2,339,810</u>	<u>329,497</u>	<u>686,094</u>	<u>8,396</u>
Business-type activities:				
Sewer	1,358,481	1,255,639	-	-
Water	429,688	385,819	-	-
Refuse	478,609	500,952	-	-
Total business-type activities	<u>2,266,778</u>	<u>2,142,410</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 4,606,588</u>	<u>\$ 2,471,907</u>	<u>\$ 686,094</u>	<u>\$ 8,396</u>

General revenues:

Property taxes levied for:

- General purposes
- Fire

Income taxes levied for:

- General purposes
- Police services

Grants and entitlements not restricted to specific programs

Payments in lieu of taxes

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (1,136,335)	\$ -	\$ (1,136,335)
(355,888)	-	(355,888)
244,461	-	244,461
(4,454)	-	(4,454)
(12,490)	-	(12,490)
(51,117)	-	(51,117)
(1,315,823)	-	(1,315,823)
-	(102,842)	(102,842)
-	(43,869)	(43,869)
-	22,343	22,343
-	(124,368)	(124,368)
(1,315,823)	(124,368)	(1,440,191)
71,404	-	71,404
131,504	-	131,504
932,882	-	932,882
466,374	-	466,374
207,228	-	207,228
886,498	-	886,498
75,313	-	75,313
60,943	-	60,943
2,832,146	-	2,832,146
1,516,323	(124,368)	1,391,955
6,791,406	5,310,057	12,101,463
\$ 8,307,729	\$ 5,185,689	\$ 13,493,418

VILLAGE OF CARLISLE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Road Department	Fire	Eagle Ridge TIF
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,803,737	\$ 557,686	\$ 354,249	\$ 13,364
Receivables:				
Income taxes	235,304	-	-	-
Property and other taxes	72,361	-	132,797	-
Payment in lieu of taxes	-	-	-	111,946
Accounts	20,828	-	-	-
Special assessments	1,546	-	-	-
Interfund loans	70,000	-	-	-
Accrued interest	11,033	-	-	-
Due from other governments	19,510	123,038	10,361	24,574
Materials and supplies inventory	2,964	6,730	507	-
Prepayments	3,517	88	1,625	-
Total assets	<u>\$ 2,240,800</u>	<u>\$ 687,542</u>	<u>\$ 499,539</u>	<u>\$ 149,884</u>
Liabilities:				
Accounts payable	\$ 7,764	\$ 762	\$ 182	\$ -
Accrued wages and benefits	20,088	3,452	-	-
Compensated absences payable	14,394	-	-	-
Due to other governments	13,064	1,395	649	-
Interfund loans payable	-	-	-	-
Notes payable	-	-	-	-
Accrued interest payable	-	-	-	-
Total liabilities	<u>55,310</u>	<u>5,609</u>	<u>831</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	70,254	-	128,278	-
Payments in lieu of taxes levied for the next fiscal year	-	-	-	111,946
Delinquent property tax revenue not available	2,107	-	4,519	-
Special assessments revenue not available	1,546	-	-	-
Accrued interest not available	8,582	-	-	-
Income tax revenue not available	61,364	-	-	-
Intergovernmental revenue not available	10,709	62,450	10,361	24,574
Total deferred inflows of resources	<u>154,562</u>	<u>62,450</u>	<u>143,158</u>	<u>136,520</u>
Fund balances:				
Nonspendable	6,481	6,818	2,132	-
Restricted	-	612,665	353,418	13,364
Committed	-	-	-	-
Assigned	52,261	-	-	-
Unassigned (deficit)	1,972,186	-	-	-
Total fund balances	<u>2,030,928</u>	<u>619,483</u>	<u>355,550</u>	<u>13,364</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,240,800</u>	<u>\$ 687,542</u>	<u>\$ 499,539</u>	<u>\$ 149,884</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Timber Ridge TIF	Police Services	Other Governmental Funds	Total Governmental Funds
\$ 324,501	\$ 575,950	\$ 635,929	\$ 4,265,416
-	117,652	-	352,956
-	-	-	205,158
197,030	-	15,246	324,222
-	-	192	21,020
-	-	-	1,546
-	-	-	70,000
-	-	-	11,033
43,251	-	14,072	234,806
-	-	326	10,527
-	667	-	5,897
<u>\$ 564,782</u>	<u>\$ 694,269</u>	<u>\$ 665,765</u>	<u>\$ 5,502,581</u>
\$ -	\$ 1,141	\$ 747	\$ 10,596
-	15,480	-	39,020
-	-	-	14,394
-	8,615	-	23,723
-	-	70,000	70,000
175,000	-	100,000	275,000
3,631	-	1,967	5,598
<u>178,631</u>	<u>25,236</u>	<u>172,714</u>	<u>438,331</u>
-	-	-	198,532
197,030	-	15,246	324,222
-	-	-	6,626
-	-	-	1,546
-	-	-	8,582
-	30,684	-	92,048
43,251	-	8,965	160,310
<u>240,281</u>	<u>30,684</u>	<u>24,211</u>	<u>791,866</u>
-	667	326	16,424
145,870	637,682	290,591	2,053,590
-	-	335,982	335,982
-	-	-	52,261
-	-	(158,059)	1,814,127
<u>145,870</u>	<u>638,349</u>	<u>468,840</u>	<u>4,272,384</u>
<u>\$ 564,782</u>	<u>\$ 694,269</u>	<u>\$ 665,765</u>	<u>\$ 5,502,581</u>

VILLAGE OF CARLISLE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total governmental fund balances		\$	4,272,384
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			6,512,849
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	92,048	
Property taxes receivable		6,626	
Accrued interest receivable		8,582	
Special assessments receivable		1,546	
Intergovernmental receivable		160,310	
Total			269,112
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		(24,403)	
Special assessment bonds		(5,050)	
General obligation bonds		(115,000)	
General obligation notes		(1,205,000)	
Compensated absences		(12,082)	
			(1,361,535)
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		58	
Deferred outflows		478,475	
Deferred inflows		(31,954)	
Net pension liability		(1,553,603)	
			(1,107,024)
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		105,783	
Deferred inflows of resources		(64,243)	
Net OPEB liability		(319,597)	
Total			(278,057)
Net position of governmental activities		\$	8,307,729

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Road Department	Fire	Eagle Ridge TIF
Revenues:				
Income taxes	\$ 1,029,989	\$ -	\$ -	\$ -
Property and other taxes	73,687	-	136,288	-
Licenses and permits	202,688	-	-	-
Fines and forfeitures	65,050	-	-	-
Intergovernmental.	55,052	320,944	21,131	45,148
Special assessments	56,125	-	-	-
Investment income.	60,998	4,056	-	-
Payment in lieu of taxes	-	-	-	309,864
Other	50,972	1,371	1,814	-
Total revenues	<u>1,594,561</u>	<u>326,371</u>	<u>159,233</u>	<u>355,012</u>
Expenditures:				
Current:				
General government	545,726	-	-	237,643
Security of persons and property	424,314	-	117,958	-
Transportation	-	284,934	-	-
Community environment	154,979	-	-	-
Leisure time activity	7,254	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement.	-	23,125	-	-
Interest and fiscal charges	-	6,167	-	-
Total expenditures	<u>1,132,273</u>	<u>314,226</u>	<u>117,958</u>	<u>237,643</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>462,288</u>	<u>12,145</u>	<u>41,275</u>	<u>117,369</u>
Other financing sources (uses):				
Issuance of notes	-	-	-	-
Sale of capital assets.	-	16,690	-	-
Transfers in	-	-	-	-
Transfers (out).	(205,000)	-	-	(123,000)
Total other financing sources (uses)	<u>(205,000)</u>	<u>16,690</u>	<u>-</u>	<u>(123,000)</u>
Net change in fund balances	257,288	28,835	41,275	(5,631)
Fund balances at beginning of year	<u>1,773,640</u>	<u>590,648</u>	<u>314,275</u>	<u>18,995</u>
Fund balances at end of year	<u>\$ 2,030,928</u>	<u>\$ 619,483</u>	<u>\$ 355,550</u>	<u>\$ 13,364</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Timber Ridge TIF	Police Services	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 514,925	\$ -	\$ 1,544,914
-	-	-	209,975
-	-	-	202,688
-	-	2,656	67,706
76,826	-	388,291	907,392
-	-	-	56,125
-	-	1,677	66,731
535,204	-	41,430	886,498
-	9,971	11,219	75,347
<u>612,030</u>	<u>524,896</u>	<u>445,273</u>	<u>4,017,376</u>
407,318	-	25,116	1,215,803
-	420,340	-	962,612
-	-	188,893	473,827
-	-	2,052	157,031
-	-	-	7,254
5,359	-	-	5,359
825,000	-	659,188	1,507,313
23,067	-	25,052	54,286
<u>1,260,744</u>	<u>420,340</u>	<u>900,301</u>	<u>4,383,485</u>
(648,714)	104,556	(455,028)	(366,109)
650,000	-	555,000	1,205,000
-	4,751	5,563	27,004
-	-	328,000	328,000
-	-	-	(328,000)
<u>650,000</u>	<u>4,751</u>	<u>888,563</u>	<u>1,232,004</u>
1,286	109,307	433,535	865,895
144,584	529,042	35,305	3,406,489
<u>\$ 145,870</u>	<u>\$ 638,349</u>	<u>\$ 468,840</u>	<u>\$ 4,272,384</u>

VILLAGE OF CARLISLE, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds	\$	865,895
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		
Capital asset additions	\$ 401,264	
Current year depreciation	(349,251)	
Total	52,013	52,013
The effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		(90,478)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(145,658)	
Property taxes	(7,067)	
Special assessments	155	
Investment income	8,582	
Intergovernmental revenues	(17,255)	
Total	(161,243)	(161,243)
The issuance of notes provides current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net position.		(1,205,000)
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.		1,507,313
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		346
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.		22,620
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	131,984	
OPEB	2,920	
Total	134,904	134,904
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	(244,987)	
OPEB	634,940	
Total	389,953	389,953
Change in net position of governmental activities	\$	1,516,323

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 702,588	\$ 702,588	\$ 971,856	\$ 269,268
Property and other taxes	53,271	53,271	73,687	20,416
Licenses and permits	146,175	146,175	202,196	56,021
Fines and forfeitures	44,943	44,943	62,168	17,225
Intergovernmental	37,018	37,018	51,205	14,187
Special assessments	40,575	40,575	56,125	15,550
Investment income	42,583	42,583	58,903	16,320
Other	34,500	34,500	47,722	13,222
Total revenues	<u>1,101,653</u>	<u>1,101,653</u>	<u>1,523,862</u>	<u>422,209</u>
Expenditures:				
Current:				
General government	633,857	608,196	550,697	57,499
Security of persons and property	518,355	549,520	443,334	106,186
Community environment	154,714	232,045	183,184	48,861
Leisure time activity	11,311	11,311	7,646	3,665
Total expenditures	<u>1,318,237</u>	<u>1,401,072</u>	<u>1,184,861</u>	<u>216,211</u>
Excess (deficiency) of revenues over (under) expenditures	(216,584)	(299,419)	339,001	638,420
Other financing uses:				
Transfers (out)	-	(205,000)	(205,000)	-
Net change in fund balance	(216,584)	(504,419)	134,001	638,420
Fund balance at beginning of year	1,568,466	1,568,466	1,568,466	-
Prior year encumbrances appropriated	39,997	39,997	39,997	-
Fund balance at end of year	<u>\$ 1,391,879</u>	<u>\$ 1,104,044</u>	<u>\$ 1,742,464</u>	<u>\$ 638,420</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY
 BASIS) ROAD DEPARTMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 205,614	\$ 205,614	\$ 295,590	\$ 89,976
Investment income	2,822	2,822	4,057	1,235
Other	954	954	1,371	417
Total revenues	<u>209,390</u>	<u>209,390</u>	<u>301,018</u>	<u>91,628</u>
Expenditures:				
Current:				
Transportation	278,737	333,662	279,245	54,417
Debt service:				
Principal retirement	23,125	23,125	23,125	-
Interest and fiscal charges	5,994	6,194	6,167	27
Total expenditures	<u>307,856</u>	<u>362,981</u>	<u>308,537</u>	<u>54,444</u>
Excess of revenues under expenditures	(98,466)	(153,591)	(7,519)	146,072
Other financing sources:				
Sale of capital assets	11,610	11,610	16,690	5,080
Net change in fund balance	(86,856)	(141,981)	9,171	151,152
Fund balance at beginning of year	539,978	539,978	539,978	-
Prior year encumbrances appropriated	6,437	6,437	6,437	-
Fund balance at end of year	<u>\$ 459,559</u>	<u>\$ 404,434</u>	<u>\$ 555,586</u>	<u>\$ 151,152</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FIRE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 799,627	\$ 799,627	\$ 136,288	\$ (663,339)
Intergovernmental	123,980	123,980	21,131	(102,849)
Other	10,643	10,643	1,814	(8,829)
Total revenues	<u>934,250</u>	<u>934,250</u>	<u>159,233</u>	<u>(775,017)</u>
Expenditures:				
Current:				
Security of persons and property	<u>957,375</u>	<u>962,345</u>	<u>119,583</u>	<u>842,762</u>
Net change in fund balance	(23,125)	(28,095)	39,650	67,745
Fund balance at beginning of year	309,125	309,125	309,125	-
Prior year encumbrances appropriated	4,615	4,615	4,615	-
Fund balance at end of year	<u>\$ 290,615</u>	<u>\$ 285,645</u>	<u>\$ 353,390</u>	<u>\$ 67,745</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EAGLE RIDGE TIF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 38,832	\$ 45,148	\$ 45,148	\$ -
Payment in lieu of taxes	266,518	309,864	309,864	-
Total revenues	<u>305,350</u>	<u>355,012</u>	<u>355,012</u>	<u>-</u>
Expenditures:				
Current:				
General government	299,094	239,094	237,643	1,451
Excess of revenues over expenditures	6,256	115,918	117,369	1,451
Other financing uses:				
Transfers (out)	-	(123,000)	(123,000)	-
Net change in fund balance	6,256	(7,082)	(5,631)	1,451
Fund balance at beginning of year	18,995	18,995	18,995	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 25,251</u>	<u>\$ 11,913</u>	<u>\$ 13,364</u>	<u>\$ 1,451</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 TIMBER RIDGE TIF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 76,075	\$ 76,075	\$ 76,825	\$ 750
Payment in lieu of taxes	529,980	529,980	535,205	5,225
Total revenues	<u>606,055</u>	<u>606,055</u>	<u>612,030</u>	<u>5,975</u>
Expenditures:				
Current:				
General government	330,413	407,913	407,318	595
Capital outlay	3,500	5,500	5,359	141
Debt service:				
Principal retirement	1,000,000	1,000,000	1,000,000	-
Interest and fiscal charges	<u>60,000</u>	<u>60,000</u>	<u>22,438</u>	<u>37,562</u>
Total expenditures	<u>1,393,913</u>	<u>1,473,413</u>	<u>1,435,115</u>	<u>38,298</u>
Excess of revenues under expenditures	(787,858)	(867,358)	(823,085)	44,273
Other financing sources:				
Note issuance	<u>816,945</u>	<u>816,945</u>	<u>825,000</u>	<u>8,055</u>
Net change in fund balance	29,087	(50,413)	1,915	52,328
Fund balance at beginning of year	<u>322,586</u>	<u>322,586</u>	<u>322,586</u>	<u>-</u>
Fund balance at end of year	<u>\$ 351,673</u>	<u>\$ 272,173</u>	<u>\$ 324,501</u>	<u>\$ 52,328</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 POLICE SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 354,751	\$ 354,751	\$ 485,862	\$ 131,111
Other	7,280	7,280	9,971	2,691
Total revenues	<u>362,031</u>	<u>362,031</u>	<u>495,833</u>	<u>133,802</u>
Expenditures:				
Current:				
Security of persons and property	457,274	483,739	421,402	62,337
Excess (deficiency) of revenues over (under) expenditures	(95,243)	(121,708)	74,431	196,139
Other financing sources:				
Sale of capital assets	3,469	3,469	4,751	1,282
Net change in fund balance	(91,774)	(118,239)	79,182	197,421
Fund balance at beginning of year	451,054	451,054	451,054	-
Prior year encumbrances appropriated	40,439	40,439	40,439	-
Fund balance at end of year	<u>\$ 399,719</u>	<u>\$ 373,254</u>	<u>\$ 570,675</u>	<u>\$ 197,421</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 2,643,887	\$ 842,309	\$ 581,896	\$ 4,068,092
Receivables (net of allowance for uncollectibles):				
Accounts	90,976	38,680	7,937	137,593
Special assessments	20,682	-	1,752	22,434
Materials and supplies inventory	863	3,617	97	4,577
Prepayments	440	112	46	598
Net pension asset (See Note 13)	71	18	23	112
Total current assets	<u>2,756,919</u>	<u>884,736</u>	<u>591,751</u>	<u>4,233,406</u>
Noncurrent assets:				
Capital assets:				
Total depreciable capital assets, net	<u>1,282,824</u>	<u>645,232</u>	<u>-</u>	<u>1,928,056</u>
Total capital assets, net	<u>1,282,824</u>	<u>645,232</u>	<u>-</u>	<u>1,928,056</u>
Total assets	<u>4,039,743</u>	<u>1,529,968</u>	<u>591,751</u>	<u>6,161,462</u>
Deferred outflows of resources:				
Pension (See Note 13)	183,311	44,060	61,935	289,306
OPEB (See Note 14)	27,474	4,955	11,072	43,501
Total deferred outflows of resources	<u>210,785</u>	<u>49,015</u>	<u>73,007</u>	<u>332,807</u>
Liabilities:				
Current liabilities:				
Accounts payable	25,480	4,077	30,157	59,714
Accrued wages and benefits	14,848	4,004	3,410	22,262
Compensated absences	5,296	1,441	1,576	8,313
Due to other governments	7,343	14,340	1,875	23,558
Total current liabilities	<u>52,967</u>	<u>23,862</u>	<u>37,018</u>	<u>113,847</u>
Long-term liabilities:				
Compensated absences	16,534	1,208	6,552	24,294
Net pension liability (See Note 13)	492,109	127,446	156,408	775,963
Net OPEB liability (See Note 14)	234,207	60,655	74,438	369,300
Total long-term liabilities	<u>742,850</u>	<u>189,309</u>	<u>237,398</u>	<u>1,169,557</u>
Total liabilities	<u>795,817</u>	<u>213,171</u>	<u>274,416</u>	<u>1,283,404</u>
Deferred inflows of resources:				
Pension (See Note 13)	9,499	3,501	3,983	16,983
OPEB (See Note 14)	4,321	1,855	2,017	8,193
Total deferred inflows of resources	<u>13,820</u>	<u>5,356</u>	<u>6,000</u>	<u>25,176</u>
Net position:				
Net investment in capital assets	1,282,824	645,232	-	1,928,056
Unrestricted	<u>2,158,067</u>	<u>715,224</u>	<u>384,342</u>	<u>3,257,633</u>
Total net position	<u>\$ 3,440,891</u>	<u>\$ 1,360,456</u>	<u>\$ 384,342</u>	<u>\$ 5,185,689</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Refuse</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 1,174,686	\$ 346,931	\$ 498,633	\$ 2,020,250
Tap-in fees	52,600	26,409	-	79,009
Other	28,353	12,479	2,319	43,151
Total operating revenues	<u>1,255,639</u>	<u>385,819</u>	<u>500,952</u>	<u>2,142,410</u>
Operating expenses:				
Personal services	511,342	141,840	150,191	803,373
Contract services	558,428	220,344	328,255	1,107,027
Materials and supplies	5,447	9,784	-	15,231
Transportation	1,011	375	135	1,521
Depreciation	282,103	57,116	-	339,219
Other	150	229	28	407
Total operating expenses	<u>1,358,481</u>	<u>429,688</u>	<u>478,609</u>	<u>2,266,778</u>
Operating income (loss)/change in net position	<u>(102,842)</u>	<u>(43,869)</u>	<u>22,343</u>	<u>(124,368)</u>
Net position at beginning of year	<u>3,543,733</u>	<u>1,404,325</u>	<u>361,999</u>	<u>5,310,057</u>
Net position at end of year	<u>\$ 3,440,891</u>	<u>\$ 1,360,456</u>	<u>\$ 384,342</u>	<u>\$ 5,185,689</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,248,399	\$ 368,898	\$ 499,086	\$ 2,116,383
Cash received from other operations	28,353	12,479	2,319	43,151
Cash payments for personal services	(421,736)	(126,137)	(120,701)	(668,574)
Cash payments for contractual services	(517,300)	(224,622)	(348,836)	(1,090,758)
Cash payments for materials and supplies	(5,401)	(5,713)	-	(11,114)
Cash payments for transportation	(1,011)	(375)	(135)	(1,521)
Cash payments for other expenses	(150)	(229)	(28)	(407)
Net cash provided by operating activities	<u>331,154</u>	<u>24,301</u>	<u>31,705</u>	<u>387,160</u>
Cash and cash equivalents at beginning of year . . .	<u>2,312,733</u>	<u>818,008</u>	<u>550,191</u>	<u>3,680,932</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,643,887</u></u>	<u><u>\$ 842,309</u></u>	<u><u>\$ 581,896</u></u>	<u><u>\$ 4,068,092</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (102,842)	\$ (43,869)	\$ 22,343	\$ (124,368)
Adjustments:				
Depreciation	282,103	57,116	-	339,219
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
(Increase) decrease in accounts receivable	23,326	(4,442)	863	19,747
(Increase) in special assessments receivable	(2,213)	-	(410)	(2,623)
Decrease in materials and supplies inventory	19	-	-	19
Decrease in prepayments	15,899	986	61	16,946
Decrease in net pension asset	26	9	6	41
(Increase) in deferred outflows of resources - pension . .	(105,135)	(22,621)	(38,697)	(166,453)
(Increase) in deferred outflows of resources - OPEB . .	(13,306)	(1,036)	(6,839)	(21,181)
Increase (decrease) in accounts payable	25,271	4,015	(20,637)	8,649
Increase in accrued wages and benefits	5,024	1,225	685	6,934
(Decrease) in due to other governments	(134)	(5,321)	(456)	(5,911)
Increase (decrease) in compensated absences payable . .	92	(2,993)	1,871	(1,030)
Increase in net pension liability	227,012	54,122	77,207	358,341
Increase in net OPEB liability	51,291	10,062	19,790	81,143
(Decrease) in deferred inflows of resources - pension . .	(58,912)	(17,801)	(18,550)	(95,263)
(Decrease) in deferred inflows of resources - OPEB . . .	(16,367)	(5,151)	(5,532)	(27,050)
Net cash provided by operating activities	<u><u>\$ 331,154</u></u>	<u><u>\$ 24,301</u></u>	<u><u>\$ 31,705</u></u>	<u><u>\$ 387,160</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE

STATEMENT OF FIUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2019

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents.	\$ 7,976
Total assets	<u>7,976</u>
Liabilities:	
Due to other governments	<u>7,976</u>
Total liabilities	<u>7,976</u>
Net position:	
Total net position	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Custodial
Additions:	
Fines and forfeitures for other governments	\$ 18,667
Total additions	18,667
Deductions:	
Fines and forfeitures distributions to other governments	18,667
Total deductions	18,667
Net change in fiduciary net position	-
Net position beginning of year (restated)	-
Net position end of year	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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).

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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.

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 custodial 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 maintains a custodial fund that accounts for Mayor' Court activity.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

E. Basis of Accounting

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

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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, 2019, but which were levied to finance 2020 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.

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 are required to be budgeted and appropriated. The legal level of budgetary control is at the object level for all funds. Budgetary modifications may only be made by resolution of the Village Council at the legal level of control.

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to January 1, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the first and final amended official certificate of estimated resources issued during 2019.

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

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

G. Cash and Cash Equivalents

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

The Village has segregated bank accounts for monies held separate from the Village's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited in the Village treasury. There was no outstanding balance at December 31, 2019.

During 2019, investments were limited to Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Home Loan Bank (FHLB) securities, U.S. Treasury Notes, negotiable CDs, and U.S. Government Money Market Mutual Funds. Investments are reported at fair market value.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2019 amounted to \$60,998 which includes \$32,458 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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

H. Inventories of Materials and Supplies

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

I. Capital Assets

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

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

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

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

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

J. Compensated Absences

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

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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

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, 2019, 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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

N. Fund Balance

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

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

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

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

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

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

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

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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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 2019, the Village had no extraordinary or special items.

R. Interfund Balances

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

S. Pensions/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

For 2019, the Village has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84, "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the Village.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No 84 did not have an effect on the financial statements of the Village.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the Village; however, certain debt disclosures have been modified to conform to GASB Statement No. 88.

GASB Statement No. 90 improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Village.

B. Deficit Fund Balances

Fund balances at December 31, 2019 included the following individual fund deficits:

<u>Nonmajor Governmental Funds</u>	<u>Deficit</u>
SR 123/Reconstruction Phase IV	\$ 16,347
SR 123/Reconstruction Phase V	39,416
SR 123/Reconstruction Phase VI	25,342
SR 123/Reconstruction Phase VII	6,960
SR 123/Reconstruction Phase X	69,994
	<u>\$ 158,059</u>

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances 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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, and Government National Mortgage 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; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations of the Village.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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. Except as noted above, 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 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 institutions 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, 2019, the carrying amount of all Village deposits was \$5,339,614 and the bank balance of all Village deposits was \$5,377,267. Of the bank balance, \$250,000 was covered by the FDIC and \$5,062,973 was covered by the Ohio Pooled Collateral System.

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 2019, 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

As of December 31, 2019, the Village had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
FHLB	\$ 245,974	\$ -	\$ -	\$ -	\$ -	\$ 245,974
FHLMC	299,869	-	-	-	299,869	-
Negotiable CD's	1,734,092	494,187	-	-	494,861	745,044
U.S. Government money market	4,285	4,285	-	-	-	-
U.S Treasury Notes	717,650	-	399,188	318,462	-	-
Total	<u>\$ 3,001,870</u>	<u>\$ 498,472</u>	<u>\$ 399,188</u>	<u>\$ 318,462</u>	<u>\$ 794,730</u>	<u>\$ 991,018</u>

The weighted average of maturity of investments is 1.77 years.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The Village's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The Village's investments in federal agency securities (FHLB and FHLMC), U.S. Treasury notes, and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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 investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government Money Market Mutual Funds were rated AAAM by Standard & Poor's. Negotiable CDs are not rated but are fully insured by the FDIC. 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.

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. The following table includes the percentage of each investment type held by the Village at December 31, 2019:

<u>Measurement/ Investment type</u>	<u>Measurement</u>	
	<u>Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
FHLB	\$ 245,974	8.19%
FHLMC	299,869	9.99%
Negotiable CD's	1,734,092	57.77%
U.S. Government money market	4,285	0.14%
U.S. Treasury Notes	<u>717,650</u>	<u>23.91%</u>
Total	<u>\$ 3,001,870</u>	<u>100.00%</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2019:

<u>Cash and investments per note</u>		
Carrying amount of deposits		\$ 5,339,614
Investments		<u>3,001,870</u>
Total		<u>\$ 8,341,484</u>
 <u>Cash and investments per statement of net position</u>		
Governmental activities		\$ 4,265,416
Business type activities		4,068,092
Custodial funds		<u>7,976</u>
Total		<u>\$ 8,341,484</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported on the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>	<u>Amount</u>
Nonmajor governmental fund	General Fund	\$ 205,000
Nonmajor governmental funds	Nonmajor governmental funds	<u>123,000</u>
Total		<u>\$ 328,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (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 (a nonmajor governmental fund) to capital project funds (nonmajor governmental 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, 2019, as reported on the fund financial statements:

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

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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 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, 2019 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 2019 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, 2019 was \$2.92 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2019 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 71,162,840
Commercial/industrial/mineral	9,603,590
<u>Public utility</u>	
Personal	<u>6,933,250</u>
Total assessed value	<u>\$ 87,699,680</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2019, consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services), accrued interest, special assessments, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2019.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 – RECEIVABLES – (Continued)

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

Governmental activities:

Income taxes	\$	352,956
Property and other taxes		205,158
Payment in lieu of taxes		324,222
Accounts		21,020
Accrued interest		11,033
Special assessments		1,546
Due from other governments		234,806

Business-type activities:

Accounts		137,593
Special assessments		22,434

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 2019 was \$1,544,914 as reported in the fund financial statements.

THIS SPACE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the governmental activities for the year ended December 31, 2019, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/19</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,244,234	\$ -	\$ -	\$ 1,244,234
Construction in progress	<u>10,875</u>	<u>167,558</u>	<u>(178,433)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,255,109</u>	<u>167,558</u>	<u>(178,433)</u>	<u>1,244,234</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,317,185	128,782	(114,742)	1,331,225
Furniture and equipment	327,345	21,698	(13,109)	335,934
Vehicles	641,239	83,226	(53,017)	671,448
Infrastructure	<u>6,168,827</u>	<u>178,433</u>	<u>-</u>	<u>6,347,260</u>
Total capital assets, being depreciated	<u>8,454,596</u>	<u>412,139</u>	<u>(180,868)</u>	<u>8,685,867</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(738,380)	(25,339)	36,718	(727,001)
Furniture and equipment	(272,504)	(15,584)	655	(287,433)
Vehicles	(533,368)	(57,341)	53,017	(537,692)
Infrastructure	<u>(1,614,139)</u>	<u>(250,987)</u>	<u>-</u>	<u>(1,865,126)</u>
Total accumulated depreciation	<u>(3,158,391)</u>	<u>(349,251)</u>	<u>90,390</u>	<u>(3,417,252)</u>
Total capital assets, being depreciated, net	<u>5,296,205</u>	<u>62,888</u>	<u>(90,478)</u>	<u>5,268,615</u>
Governmental activities capital assets, net	<u>\$ 6,551,314</u>	<u>\$ 230,446</u>	<u>\$ (268,911)</u>	<u>\$ 6,512,849</u>

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

<u>Governmental activities:</u>	
General government	\$ 11,859
Security of persons and property	34,566
Community environment	4,218
Transportation	293,372
Leisure time activity	<u>5,236</u>
Total depreciation expense - governmental activities	<u>\$ 349,251</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - CAPITAL ASSETS – (Continued)

B. Business-type activities

Capital asset activity for the business-type activities for the year ended December 31, 2019, was as follows:

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
<u>Business-type activities:</u>				
<i>Capital assets, being depreciated</i>				
Furniture and equipment	\$ 231,435	\$ -	\$ -	\$ 231,435
Vehicles	79,377	-	(31,362)	48,015
Infrastructure	12,912,124	-	-	12,912,124
Total capital assets, being depreciated	13,222,936	-	(31,362)	13,191,574
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	(196,809)	(6,812)	-	(203,621)
Vehicles	(64,971)	(9,603)	31,362	(43,212)
Infrastructure	(10,693,881)	(322,804)	-	(11,016,685)
Total accumulated depreciation	(10,955,661)	(339,219)	31,362	(11,263,518)
Business-type activities capital assets, net	\$ 2,267,275	\$ (339,219)	\$ -	\$ 1,928,056

Depreciation was charged to departments of the Village as follows:

<u>Business-type activities:</u>	
Sewer	\$ 282,103
Water	57,116
Total depreciation expense - business-type activities	\$ 339,219

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, 2019, the liability for unpaid compensated absences was \$59,083 for the entire Village.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - LONG-TERM OBLIGATIONS

During 2019, the following changes occurred in the Village's long-term obligations.

	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/19</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities					
<u>General obligation bonds:</u>					
Road Improvements Bond	\$ 140,000	\$ -	\$ (25,000)	\$ 115,000	\$ 25,000
<u>General obligation notes:</u>					
<i>Direct Placement:</i>					
SR 123 Reconstruction Note	655,000	555,000	(655,000)	555,000	555,000
Timber Ridge TIF Note	<u>825,000</u>	<u>650,000</u>	<u>(825,000)</u>	<u>650,000</u>	<u>650,000</u>
Total general obligation notes	<u>1,480,000</u>	<u>1,205,000</u>	<u>(1,480,000)</u>	<u>1,205,000</u>	<u>1,205,000</u>
<u>Special assessment bonds:</u>					
<i>Direct Placement:</i>					
Jamaica Road Improvements	7,363	-	(2,313)	5,050	2,452
<u>Other long-term obligations:</u>					
Net pension liability	1,071,256	482,347	-	1,553,603	-
Net OPEB liability	936,961	37,243	(654,607)	319,597	-
Compensated absences	<u>34,702</u>	<u>17,611</u>	<u>(25,837)</u>	<u>26,476</u>	<u>22,399</u>
Total other long-term obligations	<u>2,042,919</u>	<u>537,201</u>	<u>(680,444)</u>	<u>1,899,676</u>	<u>22,399</u>
Total governmental activities long-term obligations	<u>\$ 3,670,282</u>	<u>\$ 1,742,201</u>	<u>\$ (2,187,757)</u>	<u>\$ 3,224,726</u>	<u>\$ 1,254,851</u>
Business-type activities					
<u>Other long-term obligations:</u>					
Net pension liability	\$ 417,622	\$ 358,341	\$ -	\$ 775,963	\$ -
Net OPEB liability	288,157	81,143	-	369,300	-
Compensated absences	<u>33,637</u>	<u>30,556</u>	<u>(31,586)</u>	<u>32,607</u>	<u>8,313</u>
Total business-type activities long-term obligations	<u>\$ 739,416</u>	<u>\$ 470,040</u>	<u>\$ (31,586)</u>	<u>\$ 1,177,870</u>	<u>\$ 8,313</u>

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).

SR 123 Reconstruction Note

On May 12, 2018, the Village issued a \$745,000 general obligation note for the purpose of reconstructing and improving SR 123. The note bore an interest rate of 2.50% and matured on May 12, 2019. Upon retirement of the note, on May 10, 2019, the Village reissued a \$655,000 general obligation note for the same purpose. The 2019 note bears an interest rate of 3.00% and will mature on May 8, 2020. The 2019 note was refinanced subsequent to year-end on May 8, 2020 (see Note 21). 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). The SR 123 Reconstruction Note was a direct placement with terms negotiated directly between the Village and the investor and were not offered for public sale.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Timber Ridge TIF Note

On April 28, 2018, the Village issued a \$1,000,000 general obligation note for the purpose of road construction and improvements at Timber Ridge. The note bore an interest rate of 2.50% and matured on April 28, 2019. Upon retirement of the note, on April 26, 2019, the Village reissued an \$825,000 general obligation note for the same purpose. The 2019 note bears an interest rate of 3.00% and will mature on April 25, 2020. The 2019 note was refinanced subsequent to year-end on April 25, 2020 (see Note 21). 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. The Timber Ridge TIF Note was a direct placement with terms negotiated directly between the Village and the investor and were not offered for public sale.

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 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). The Jamaica Road Improvement special assessment bonds were a direct placement with terms negotiated directly between the Village and the investor and were not offered for public sale.

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, 2019, the Village's total debt margin was \$7,624,341 and the unvoted debt margin was \$4,823,482.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements - Principal and interest requirements to retire the Village's bonds outstanding at December 31, 2019 were:

Year Ending December 31,	Road Improvements General Obligation Bonds			<i>Direct Placement</i> Jamaica Road Improvements Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total
	2020	\$ 25,000	\$ 5,280	\$ 30,280	\$ 2,452	\$ 303
2021	30,000	4,080	34,080	2,598	156	2,754
2022	30,000	2,880	32,880	-	-	-
2023	30,000	1,440	31,440	-	-	-
Total	<u>\$ 115,000</u>	<u>\$ 13,680</u>	<u>\$ 128,680</u>	<u>\$ 5,050</u>	<u>\$ 459</u>	<u>\$ 5,509</u>

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 2019, 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:

<u>Company</u>	<u>Type</u>	<u>Deductible</u>	<u>Coverage</u>
The Ohio Plan	Commercial Property	\$1,000	\$3,983,517
The Ohio Plan	Scheduled & Misc. Equipment	\$1,000	\$790,983
The Ohio Plan	Auto Comprehensive & Collision	\$500	ACV
The Ohio Plan	Emergency Auto Comprehensive & Collision	\$500	RC
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	\$2,500	\$250,000
The Ohio Plan	Law Enforcement Operations	\$5,000	\$5,000,000 per occurrence \$7,000,000 aggregate
The Ohio Plan	Wrongful Acts	\$5,000	\$5,000,000

There has been no material change in this coverage for the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years. Health insurance is provided to eligible employees through a commercial carrier.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees, other than full-time police 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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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 3.00%.

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 3.00% COLA adjustment on the defined benefit portion of their benefit.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee ***	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0 %
Total Employer	14.0 %
Employee	10.0 %

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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, the Combined Plan and Member-Directed Plan was \$130,480 for 2019. Of this amount, \$15,954 is reported as due to other governments.

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving 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 3.00% 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 3.00% 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
2019 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2019 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 \$87,496 for 2019. Of this amount, \$14,132 is reported as due to other governments.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The Village's proportion of the net pension liability or asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00408300%	0.00669300%	0.01382200%	
Proportion of the net pension liability/asset current measurement date	<u>0.00429900%</u>	<u>0.00747700%</u>	<u>0.01411500%</u>	
Change in proportionate share	<u>0.00021600%</u>	<u>0.00078400%</u>	<u>0.00029300%</u>	
Proportionate share of the net pension liability	\$ 1,177,409	\$ -	\$ 1,152,157	\$ 2,329,566
Proportionate share of the net pension asset	-	(170)	-	(170)
Pension expense	270,207	(44)	157,481	427,644

Of the Village's proportionate share of the net pension liability of \$2,329,566, \$1,553,603 is reported in the governmental activities and \$775,963 is reported in the business-type activities.

Of the Village's proportionate share of the net pension asset of \$170, \$58 is reported in the governmental activities and \$112 is reported in the business-type activities.

Of the \$427,644 reported as pension expense, \$244,987 relates to governmental activities and \$182,657 relates to business-type activities.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2019, 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	\$ 56	\$ 707	\$ 47,336	\$ 48,099
Net difference between projected and actual earnings on pension plan investments	159,811	59	141,943	301,813
Changes of assumptions	102,497	53	30,545	133,095
Changes in employer's proportionate percentage/ difference between employer contributions	40,286	-	26,512	66,798
Contributions subsequent to the measurement date	125,956	4,524	87,496	217,976
Total deferred outflows of resources	<u>\$ 428,606</u>	<u>\$ 5,343</u>	<u>\$ 333,832</u>	<u>\$ 767,781</u>
Deferred inflows of resources				
Differences between expected and actual experience	\$ 15,460	\$ -	\$ 1,077	\$ 16,537
Changes in employer's proportionate percentage/ difference between employer contributions	12,504	-	19,896	32,400
Total deferred inflows of resources	<u>\$ 27,964</u>	<u>\$ -</u>	<u>\$ 20,973</u>	<u>\$ 48,937</u>

\$217,976 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, 2020. Of the amount reported as contributions subsequent to the measurement date, \$131,984 relates to governmental activities and \$85,992 relates to business-type activities.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
2020	\$ 114,998	\$ 117	\$ 72,366	\$ 187,481
2021	70,540	109	40,636	111,285
2022	14,826	111	42,204	57,141
2023	74,321	132	66,206	140,659
2024	-	98	3,952	4,050
Thereafter	-	252	-	252
Total	\$ 274,685	\$ 819	\$ 225,364	\$ 500,868

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, 2018, 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 COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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

The long-term expected 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 2018, 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 2.94% for 2018.

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 2018 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 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability/Asset 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 7.20%, 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 (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Village's proportionate share			
of the net pension liability (asset):			
Traditional Pension Plan	\$ 1,739,375	\$ 1,177,409	\$ 710,410
Member-Directed Plan	(75)	(170)	(299)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018 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, 2018, are presented below.

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
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%, plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

<u>Age</u>	<u>Police</u>	<u>Fire</u>
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 Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
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 recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2018 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy 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.

THIS SPACE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2018 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	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	<u>120.00 %</u>		

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%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. 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.

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	Current Discount Rate	1% Increase
Village's proportionate share of the net pension liability	\$ 1,514,431	\$ 1,152,157	\$ 849,425

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT OPEB 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.

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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. 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. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined 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 2019 was 4.00%.

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

The Village's contractually required contribution was \$1,810 for 2019. Of this amount, \$221 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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. 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 2019, the portion of employer contributions allocated to health care was 0.50% 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.

Beginning January 1, 2019, OP&F changed 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 \$2,303 for 2019. Of this amount, \$372 is reported as due to other governments.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows of 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, 2017, rolled forward to the measurement date of December 31, 2018, 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, 2018 and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. 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:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.00407000%	0.01382200%	
Proportion of the net OPEB liability current measurement date	<u>0.00429800%</u>	<u>0.01411500%</u>	
Change in proportionate share	<u>0.00022800%</u>	<u>0.00029300%</u>	
Proportionate share of the net OPEB liability	\$ 560,358	\$ 128,539	\$ 688,897
OPEB expense	\$ 48,935	\$ (649,770)	\$ (600,835)

Of the Village's proportionate share of the net OPEB liability of \$688,897, \$319,597 is reported in the governmental activities and \$369,300 is reported in the business-type activities.

Of the \$600,835 reported as OPEB expense, (\$634,940) relates to governmental activities and \$34,105 relates to business-type activities.

THIS SPACE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 189	\$ -	\$ 189
Net difference between projected and actual earnings on OPEB plan investments	25,690	4,351	30,041
Changes of assumptions	18,067	66,629	84,696
Changes in employer's proportionate percentage/ difference between employer contributions	17,074	13,171	30,245
Contributions subsequent to the measurement date	1,810	2,303	4,113
Total deferred outflows of resources	<u>\$ 62,830</u>	<u>\$ 86,454</u>	<u>\$ 149,284</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,520	\$ 3,443	\$ 4,963
Changes of assumptions	-	35,586	35,586
Changes in employer's proportionate percentage/ difference between employer contributions	12,294	19,593	31,887
Total deferred inflows of resources	<u>\$ 13,814</u>	<u>\$ 58,622</u>	<u>\$ 72,436</u>

\$4,113 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, 2020. Of the amount reported as contributions subsequent to the measurement date, \$2,920 relates to governmental activities and \$1,193 relates to business-type activities.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2020	\$ 17,231	\$ 4,525	\$ 21,756
2021	12,545	4,525	17,070
2022	4,488	4,525	9,013
2023	12,942	5,840	18,782
2024	-	3,766	3,766
Thereafter	-	2,348	2,348
Total	<u>\$ 47,206</u>	<u>\$ 25,529</u>	<u>\$ 72,735</u>

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 health care costs 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, 2017, rolled forward to the measurement date of December 31, 2018. 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%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

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 2018, 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 5.60% for 2018.

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 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

Discount Rate - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. 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 6.00% and a municipal bond rate of 3.71%. 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, 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 3.96%, 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 (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Village's proportionate share of the net OPEB liability	\$ 716,906	\$ 560,358	\$ 435,860

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 1.00% lower or 1.00% higher than the current rate.

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 2019 is 10.00%. 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% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
Village's proportionate share of the net OPEB liability	\$ 538,625	\$ 560,358	\$ 585,388

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018 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.

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Current measurement date	4.66%
Prior measurement date	3.24%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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%.

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

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 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, 2018, 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	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	<u>120.00 %</u>		

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 their 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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS – (Continued)

Discount Rate - The total OPEB liability was calculated using the discount rate of 4.66%. A discount rate of 3.24% was used to measure the total OPEB liability at December 31, 2017. 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 8.00%. 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 4.13% at December 31, 2018 and 3.16% at December 31, 2017, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

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 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66%), or one percentage point higher (5.66%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Village's proportionate share of the net OPEB liability	\$ 156,595	\$ 128,539	\$ 104,988

Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Due to the change from a self-funded plan to the stipend plan, disclosure of the healthcare cost trend rate for OP&F is no longer available.

Changes Between Measurement Date and Report Date - 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 will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). 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. As a result of changing from the current healthcare model to the stipend based healthcare model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Although the exact amount of these changes is not known, the overall decrease to the Village's net OPEB liability is expected to be significant.

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);

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis) but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General Fund</u>	<u>Road Department</u>	<u>Fire</u>	<u>Timber Ridge TIF</u>	<u>Police Services</u>
Budget basis	\$ 134,001	\$ 9,171	\$ 39,650	\$ 1,915	\$ 79,182
Net adjustment for revenue accruals	120,157	25,353	-	-	55,418
Net adjustment for expenditure accruals	(5,736)	(7,789)	766	174,371	(4,213)
Net adjustment for other sources/uses	-	-	-	(175,000)	-
Funds budgeted elsewhere	3,250	-	-	-	-
Adjustment for encumbrances	<u>58,324</u>	<u>2,100</u>	<u>859</u>	<u>-</u>	<u>5,275</u>
GAAP basis	<u>\$ 309,996</u>	<u>\$ 28,835</u>	<u>\$ 41,275</u>	<u>\$ 1,286</u>	<u>\$ 135,662</u>

THIS SPACE IS INTENTIONALLY LEFT BLANK

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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	Timber Ridge TIF	Police Services	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Materials and supplies inventory	\$ 2,964	\$ 6,730	\$ 507	\$ -	\$ -	\$ 326	\$ 10,527
Prepays	3,517	88	1,625	-	667	-	5,897
Total nonspendable	<u>6,481</u>	<u>6,818</u>	<u>2,132</u>	<u>-</u>	<u>667</u>	<u>326</u>	<u>16,424</u>
Restricted:							
General government	-	-	-	-	-	206,418	206,418
Capital improvements	-	-	-	145,870	-	23	145,893
Security of persons and property	-	-	353,418	-	637,682	816	991,916
Community environment programs	-	-	-	-	-	5,330	5,330
Transportation	-	612,665	-	-	-	64,821	677,486
Other purposes	-	-	-	-	-	26,547	26,547
Total restricted	<u>-</u>	<u>612,665</u>	<u>353,418</u>	<u>145,870</u>	<u>637,682</u>	<u>303,955</u>	<u>2,053,590</u>
Committed:							
Transportation	-	-	-	-	-	232,024	232,024
Debt service	-	-	-	-	-	15,857	15,857
Capital improvements	-	-	-	-	-	88,101	88,101
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,982</u>	<u>335,982</u>
Assigned:							
General government	8,276	-	-	-	-	-	8,276
Security of persons and property	4,591	-	-	-	-	-	4,591
Community environment programs	39,211	-	-	-	-	-	39,211
Leisure time activities	183	-	-	-	-	-	183
Total assigned	<u>52,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,261</u>
Unassigned (deficit)	<u>1,972,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158,059)</u>	<u>1,814,127</u>
Total fund cash balances	<u>\$ 2,030,928</u>	<u>\$ 619,483</u>	<u>\$ 355,550</u>	<u>\$ 145,870</u>	<u>\$ 638,349</u>	<u>\$ 482,204</u>	<u>\$ 4,272,384</u>

NOTE 17 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 52,261
Road department fund	1,339
Fire fund	677
Police services fund	4,134
Nonmajor governmental funds	8,456
Total	<u>\$ 66,867</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019.

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, 2019, was as follows:

	Balance 12/31/2018	Issued	Retired	Balance 12/31/2019
<u>Governmental fund notes</u>				
<i>Direct Placements:</i>				
Business Park Improvement Note	\$ 200,000	\$ -	\$ (200,000)	\$ -
SR 123 Reconstruction Note	90,000	100,000	(90,000)	100,000
Timber Ridge TIF Note	175,000	175,000	(175,000)	175,000
Total governmental fund notes	\$ 465,000	\$ 275,000	\$ (465,000)	\$ 275,000

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 bared an interest rate of 2.75% and matured on November 30, 2019.

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 bared an interest rate of 2.50% and matured on May 12, 2019. At December 31, 2018, the short-term portion of the note payable (\$90,000) represented the portion of the 2018 note issue that was retired when the notes were refinanced in 2019. On May 10, 2019, the Village reissued a \$655,000 general obligation note for the same purpose. The 2019 note bears an interest rate of 3.00% and will mature on May 8, 2020. At December 31, 2019, the short-term portion of the note payable (\$100,000) represents the portion of the 2019 note issue that was retired when the notes were refinanced on May 8, 2020 (see Note 21 for detail). The short-term note liability is reflected in the fund which received the proceeds.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 19 - SHORT-TERM NOTES PAYABLE – (Continued)

Timber Ridge TIF Note

On April 28, 2018, the Village issued a \$1,000,000 general obligation note for the purpose of road construction and improvements at Timber Ridge. The note bore an interest rate of 2.50% and matured on April 28, 2019. At December 31, 2018, the short-term portion of the note payable (\$175,000) represented the portion of the 2018 note issue that was retired when the notes were refinanced in 2019. On April 26, 2019, the Village reissued an \$825,000 general obligation note for the same purpose. The 2019 note bears an interest rate of 3.00% and will mature on April 25, 2020. At December 31, 2019, the short-term portion of the note payable (\$175,000) represents the portion of the 2019 note issue that was retired when the notes were refinanced on April 25, 2020 (see Note 21 for detail). The short-term note liability is reflected in the fund which received the proceeds.

NOTE 20 – TAX ABATEMENTS

As of December 31, 2019, the Village provides tax abatements through Community Reinvestment Area (CRA). This program relates to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

During 2019, the Village's property tax revenues were reduced by \$97,265 as a result of these agreements.

NOTE 21 - SIGNIFICANT SUBSEQUENT EVENTS

A. Note Issuances

On May 8, 2020, the Village retired the \$655,000 SR 123 Reconstruction general obligation note and reissued a new \$555,000 note for the same purpose. The new note bears an interest rate that shall not be in excess of 3.00% and will mature on May 8, 2021.

On April 25, 2020, the Village retired the \$825,000 Timber Ridge TIF general obligation note and reissued a new \$650,000 note for the same purpose. The new note bears an interest rate of 5.00% and will mature on April 25, 2021.

B. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio and the investments of the pension and other employee benefit plan in which the Village participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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 SIX YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
Village's proportion of the net pension liability	0.004299%	0.004083%	0.004419%	0.004571%
Village's proportionate share of the net pension liability	\$ 1,177,409	\$ 640,544	\$ 1,003,480	\$ 791,755
Village's covered payroll	\$ 752,314	\$ 660,162	\$ 647,800	\$ 666,625
Village's proportionate share of the net pension liability as a percentage of its covered payroll	156.50%	97.03%	154.91%	118.77%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
<i>Member Directed Plan:</i>				
Village's proportion of the net pension asset	0.007477%	0.006693%	0.008342%	0.006787%
Village's proportionate share of the net pension asset	\$ 170	\$ 234	\$ 35	\$ 26
Village's covered payroll	\$ 42,740	\$ 36,690	\$ 43,308	\$ 37,800
Village's proportionate share of the net pension asset as a percentage of its covered payroll	0.40%	0.64%	0.08%	0.07%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.45%	103.40%	103.91%

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

	<u>2015</u>		<u>2014</u>
	0.004643%		0.004643%
\$	559,999	\$	547,348
\$	664,133	\$	552,838
	84.32%		99.01%
	86.45%		86.36%
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a
	n/a		n/a

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 SIX YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Village's proportion of the net pension liability	0.01411500%	0.01382200%	0.01436900%	0.01486100%
Village's proportionate share of the net pension liability	\$ 1,152,157	\$ 848,334	\$ 910,100	\$ 955,994
Village's covered payroll	\$ 356,411	\$ 454,874	\$ 339,916	\$ 368,916
Village's proportionate share of the net pension liability as a percentage of its covered payroll	323.27%	186.50%	267.74%	259.14%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

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

<u>2015</u>	<u>2014</u>
0.01437250%	0.01437250%
\$ 744,555	\$ 699,986
\$ 346,826	\$ 333,035
214.68%	210.18%
72.20%	73.00%

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)

	2019	2018	2017	2016
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 125,956	\$ 105,324	\$ 85,821	\$ 77,736
Contributions in relation to the contractually required contribution	(125,956)	(105,324)	(85,821)	(77,736)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 899,686	\$ 752,314	\$ 660,162	\$ 647,800
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 4,524	\$ 4,274	\$ 3,669	\$ 5,197
Contributions in relation to the contractually required contribution	(4,524)	(4,274)	(3,669)	(5,197)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 45,240	\$ 42,740	\$ 36,690	\$ 43,308
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 79,995	\$ 79,696	\$ 71,869	\$ 50,656	\$ 51,687	\$ 41,367
<u>(79,995)</u>	<u>(79,696)</u>	<u>(71,869)</u>	<u>(50,656)</u>	<u>(51,687)</u>	<u>(41,367)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 666,625	\$ 664,133	\$ 552,838	\$ 506,560	\$ 516,870	\$ 463,929
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%
\$ 4,536					
<u>(4,536)</u>					
<u>\$ -</u>					
\$ 37,800					
12.00%					

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)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 87,496	\$ 67,718	\$ 86,426	\$ 64,584
Contributions in relation to the contractually required contribution	<u>(87,496)</u>	<u>(67,718)</u>	<u>(86,426)</u>	<u>(64,584)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 460,505	\$ 356,411	\$ 454,874	\$ 339,916
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 70,094	\$ 65,897	\$ 52,886	\$ 31,387	\$ 21,211	\$ 33,601
<u>(70,094)</u>	<u>(65,897)</u>	<u>(52,886)</u>	<u>(31,387)</u>	<u>(21,211)</u>	<u>(33,601)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 368,916	\$ 346,826	\$ 332,965	\$ 246,173	\$ 166,361	\$ 263,537
19.00%	19.00%	15.88%	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 THREE YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Village's proportion of the net OPEB liability	0.004298%	0.004070%	0.004431%
Village's proportionate share of the net OPEB liability	\$ 560,358	\$ 441,972	\$ 447,562
Village's covered payroll	\$ 795,054	\$ 696,852	\$ 691,108
Village's proportionate share of the net OPEB liability as a percentage of its covered payroll	70.48%	63.42%	64.76%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	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 THREE YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Village's proportion of the net OPEB liability	0.01411500%	0.01382200%	0.01436900%
Village's proportionate share of the net OPEB liability	\$ 128,539	\$ 783,146	\$ 682,064
Village's covered payroll	\$ 356,411	\$ 454,874	\$ 339,916
Village's proportionate share of the net OPEB liability as a percentage of its covered payroll	36.06%	172.17%	200.66%
Plan fiduciary net position as a percentage of the total OPEB liability	46.57%	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)

	2019	2018	2017	2016
Contractually required contribution	\$ 1,810	\$ 1,710	\$ 8,069	\$ 13,822
Contributions in relation to the contractually required contribution	(1,810)	(1,710)	(8,069)	(13,822)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 944,926	\$ 795,054	\$ 696,852	\$ 691,108
Contributions as a percentage of covered payroll	0.19%	0.22%	1.16%	2.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 7,484	\$ 11,389	\$ 5,526	\$ 20,267	\$ 20,726	\$ 23,583
<u>(7,484)</u>	<u>(11,389)</u>	<u>(5,526)</u>	<u>(20,267)</u>	<u>(20,726)</u>	<u>(23,583)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 704,425	\$ 664,133	\$ 552,838	\$ 506,560	\$ 516,870	\$ 463,929
1.06%	1.71%	1.00%	4.00%	4.01%	5.08%

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)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 2,303	\$ 1,782	\$ 2,274	\$ 1,700
Contributions in relation to the contractually required contribution	<u>(2,303)</u>	<u>(1,782)</u>	<u>(2,274)</u>	<u>(1,700)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 460,505	\$ 356,411	\$ 454,874	\$ 339,916
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,894	\$ 1,728	\$ 12,187	\$ 16,617	\$ 11,229	\$ 17,789
<u>(1,894)</u>	<u>(1,728)</u>	<u>(12,187)</u>	<u>(16,617)</u>	<u>(11,229)</u>	<u>(17,789)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 368,916	\$ 346,826	\$ 332,965	\$ 246,173	\$ 166,361	\$ 263,537
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%

VILLAGE OF CARLISLE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

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. For 2019 the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.

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 assumptions 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. There were no changes in assumptions for 2019.

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 2017-2019.

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%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25%, ultimate in 2029.

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. For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.

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 reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.

This page intentionally left blank.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

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

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

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

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

May 6, 2022

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, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 6, 2022, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 83, Certain Asset Retirement Obligations, GASB Statement No. 84 Fiduciary Activities, GASB Statement No. 88 Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements and GASB Statement No 90 Majority Equity Interests – an amendment to GASB Statements No.14 and No. 61. In addition, we noted in our report that, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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.

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

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.



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

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider finding 2019-001 and 2019-002 to be material weaknesses.

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 financial statements. 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*.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



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

**VILLAGE OF CARLISLE
WARREN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

FINDING NUMBER 2019-001

Material Weakness

Major Fund Determination

GASB Codification 2200.159 states that the reporting government's main operating fund (the general fund or its equivalent) should always be reported as a major fund. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria:

- a. The total of assets and deferred outflows of resources, the total of liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element(s) total (total assets and deferred outflows of resources, total liabilities and deferred inflows of resources, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- b. The same element(s) that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

The Village performed a major fund calculation which showed that the Eagle Ridge TIF Fund should be major in 2019 because total liabilities of the Eagle Ridge TIF Fund met the 10% criteria mentioned above. However, the Village did not report this fund as major on its 2019 financial statements.

Failure to report all major funds results in material misstated financial statements. Inaccurate financial statements reduce the management's ability to monitor financial activity and make informed financial decisions.

The Village posted adjustments to the accompanying 2019 financial statements to report the Eagle Ridge TIF Fund as a major fund.

We recommend that the Village implement controls to ensure financial reporting in accordance with GASB Codification 2200.159.

Officials' Response: Item fully corrected in 2020.

FINDING NUMBER 2019-002

Material Weakness

Mayor's Court

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets, document compliance with finance related legal and contractual requirements and prepare financial statements required by 117-2-2-03 of the Ohio Administrative Code.

**VILLAGE OF CARLISLE
WARREN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019**

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

FINDING NUMBER 2019-002 (Continued)

Material Weakness (Continued)

Mayor's Court (Continued)

The Village did not report the Mayor's Court receipts and disbursements in the 2019 financial statements filed with the Auditor of State. For 2019 the Mayor's Court Custodial fund had fines and forfeitures for other governments receipts of \$18,667 and fines and forfeitures distributions to other governments expenses of \$18,667.

The Village did not report the Mayor's Court equity in pooled cash and cash equivalents and due to other governments in the 2019 financial statements. For 2019, the Mayor's Court Custodial Fund had equity in pooled cash and cash equivalents of \$7,976 and due to other governments of \$7,976.

The financial statements and accounting records have been adjusted for these errors.

The Village did not have procedures in place for effective monitoring of the Village's financial activity, and the accuracy and financial reporting. The Village Fiscal Officer has sole responsibility over accounting and reporting. It is important that Council take an active role in monitoring the posting of such activity. Failure to accurately post financial activity and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

We recommend due care be exercised when posting entries to the financial records and financial statement preparation. The Village officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

Officials' Response: Item fully corrected in 2021.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CARLISLE

WARREN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/5/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov