



Dave Yost • Auditor of State

VILLAGE OF CARLISLE
WARREN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Carlisle
Warren County
760 W. 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, 2014, 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 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.

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Road, Fire, Eagle Ridge TIF, Timber Ridge TIF, and Police Services funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* 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 December 18, 2015, 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.



Dave Yost
Auditor of State

Columbus, Ohio

December 15, 2015

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 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, 2014. 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 2014 are as follows:

- The total net position of the Village increased \$317,425. Net position of governmental activities increased \$334,315 or 6.39% from 2013 and net position of business-type activities decreased \$16,890 or 0.30% from 2013.
- General revenues accounted for \$1,450,708 or 56.94% of total governmental activities revenue. Program specific revenues accounted for \$1,096,962 or 43.06% of total governmental activities revenue.
- The Village had \$2,213,355 in expenses related to governmental activities; \$1,096,962 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$1,116,393 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$1,450,708.
- The general fund had revenues of \$981,418 in 2014. This represents a decrease of \$57,062 from 2013. The expenditures and other financing uses of the general fund, which totaled \$897,567 in 2014, decreased \$83,767 from 2013. The net increase in fund balance for the general fund was \$83,851 or 8.50%.
- The fire fund had revenues and other financing sources of \$155,683 in 2014. The expenditures of the fire fund totaled \$131,381 in 2014. The net increase in fund balance for the fire fund was \$24,302 or 16.42%.
- The Timber Ridge TIF fund had revenues of \$373,548 in 2014. The expenditures of the Timber Ridge TIF fund totaled \$333,446 in 2014. The net increase in fund balance for the Timber Ridge TIF fund was \$40,102 or 34.66%.
- The police services fund had revenues of \$328,151 in 2014. The expenditures of the police services fund totaled \$312,523 in 2014. The net increase in fund balance for the police services fund was \$15,628 or 6.05%.
- The Carlisle Business Park fund had revenues and other financing sources of \$669,700 in 2014. The expenditures of the Carlisle Business Park fund totaled \$703,019 in 2014. The net decrease in fund balance for the Carlisle Business Park fund was \$33,319 or 87.07%.
- The SR 123 Reconstruction Phase V fund had other financing sources of \$422,000 in 2014. The expenditures of the SR 123 Reconstruction Phase V fund totaled \$426,269. The net decrease in fund balance for the SR 123 Reconstruction Phase V fund was \$4,269 or 99.67%.
- The road department fund had revenues and other financing sources of \$246,645 in 2014. The expenditures of the road department fund totaled \$192,798. The net increase in fund balance for the road department fund was \$53,847 or 17.11%.
- The Eagle Ridge TIF fund had revenues of \$140,486 in 2014. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled \$167,238. The net decrease in fund balance for the Eagle Ridge TIF fund was \$26,752 or 48.40%.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 UNAUDITED

- Net position for the business-type activities, which are made up of the sewer, water and refuse enterprise funds, decreased in 2014 by \$16,890. This decrease in net position was due to expenses exceeding revenues.
- In the general fund, the actual revenues and other financing sources came in \$36,326 higher than they were in the final budget and actual expenditures and other financing uses were \$112,000 less than the amount in the final budget. Budgeted expenditures and other financing uses were increased \$14,964 from the original to the final budget. Budgeted revenues remained the same in the original and final budget.

Using this Annual Financial Report

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

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

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the Village to provide programs and activities, the view of the Village as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows, liabilities and deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 UNAUDITED

Reporting the Village's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the Village's most significant funds. The analysis of the Village's major governmental and proprietary funds begins on page 11.

Governmental Funds

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

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

The Village maintains a multitude of individual governmental funds. The Village has segregated these funds into major funds and nonmajor funds. The Village's major governmental funds are the general fund, fire fund, Timber Ridge TIF fund, police services fund, Carlisle Business Park fund, the SR 123 Reconstruction Phase V fund, the road department fund, and the Eagle Ridge TIF fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 24-37 of this report.

Proprietary Funds

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. An agency fund is the Village's only fiduciary fund type. The statement of fiduciary net position can be found on page 40.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 41-70 of this report.

Government-Wide Financial Analysis

The table below provides a summary of the Village's net position at December 31, 2014 and 2013:

	Net Position					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	2014 Total	2013 Total
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>		
<u>Assets</u>						
Current and other assets	\$ 2,880,384	\$ 2,278,136	\$ 2,529,496	\$ 1,974,137	\$ 5,158,520	\$ 4,503,633
Capital assets, net	<u>5,176,030</u>	<u>3,558,539</u>	<u>5,370,372</u>	<u>3,892,836</u>	<u>8,734,569</u>	<u>9,263,208</u>
Total assets	<u>8,056,414</u>	<u>5,836,675</u>	<u>7,899,868</u>	<u>5,866,973</u>	<u>13,893,089</u>	<u>13,766,841</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	2,018,399	13,383	2,208,698	11,836	2,031,782	2,220,534
Other liabilities	<u>54,955</u>	<u>115,846</u>	<u>57,793</u>	<u>130,801</u>	<u>170,801</u>	<u>188,594</u>
Total liabilities	<u>2,073,354</u>	<u>129,229</u>	<u>2,266,491</u>	<u>142,637</u>	<u>2,202,583</u>	<u>2,409,128</u>
<u>Deferred inflows of resources</u>						
Property taxes levied for the next fiscal year	177,586	-	177,568	-	177,586	177,568
Payment in lieu of taxes	<u>237,350</u>	<u>-</u>	<u>222,000</u>	<u>-</u>	<u>237,350</u>	<u>222,000</u>
Total deferred inflows	<u>414,936</u>	<u>-</u>	<u>399,568</u>	<u>-</u>	<u>414,936</u>	<u>399,568</u>
<u>Net Position</u>						
Net investment in capital assets	3,326,330	3,558,539	3,381,672	3,892,836	6,884,869	7,274,508
Restricted	1,405,453	-	1,413,854	-	1,405,453	1,413,854
Unrestricted	<u>836,341</u>	<u>2,148,907</u>	<u>438,283</u>	<u>1,831,500</u>	<u>2,985,248</u>	<u>2,269,783</u>
Total net position	<u>\$ 5,568,124</u>	<u>\$ 5,707,446</u>	<u>\$ 5,233,809</u>	<u>\$ 5,724,336</u>	<u>\$ 11,275,570</u>	<u>\$ 10,958,145</u>

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2014, the Village's assets exceeded liabilities by \$11,275,570. At year-end, net position was \$5,568,124 and \$5,707,446 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the Village's assets. At year-end, capital assets represented 64.25% of total assets. Capital assets include land, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investment in capital assets at December 31, 2014, was \$3,326,330 and \$3,558,539 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Village's net position, \$1,405,453, 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 \$836,341.

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VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

The table below shows the changes in net position for 2014 and 2013.

			Change in Net Position			
	Governmental	Business-type	Governmental	Business-type	2014	2013
	Activities	Activities	Activities	Activities	Total	Total
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>	<u>Total</u>	<u>Total</u>
Revenues						
Program revenues:						
Charges for services	\$ 237,810	\$ 2,665,899	\$ 372,612	\$ 2,445,872	\$ 2,903,709	\$ 2,818,484
Operating grants and contributions	733,606	-	524,185	1,011	733,606	525,196
Capital grants and contributions	<u>125,546</u>	<u>-</u>	<u>62,215</u>	<u>-</u>	<u>125,546</u>	<u>62,215</u>
Total program revenues	<u>1,096,962</u>	<u>2,665,899</u>	<u>959,012</u>	<u>2,446,883</u>	<u>3,762,861</u>	<u>3,405,895</u>
General revenues:						
Property taxes	182,890	-	182,525	-	182,890	182,525
Income taxes	949,748	-	949,578	-	949,748	949,578
Unrestricted grants and entitlements	136,543	-	175,661	-	136,543	175,661
Payment in lieu of taxes	113,619	-	165,049	-	113,619	165,049
Investment earnings	1,196	-	990	-	1,196	990
Miscellaneous	<u>66,712</u>	<u>-</u>	<u>34,477</u>	<u>-</u>	<u>66,712</u>	<u>34,477</u>
Total general revenues	<u>1,450,708</u>	<u>-</u>	<u>1,508,280</u>	<u>-</u>	<u>1,450,708</u>	<u>1,508,280</u>
Total revenues	<u>2,547,670</u>	<u>2,665,899</u>	<u>2,467,292</u>	<u>2,446,883</u>	<u>5,213,569</u>	<u>4,914,175</u>
Expenses:						
General government	831,391	-	748,581	-	831,391	748,581
Security of persons and property	813,881	-	798,096	-	813,881	798,096
Transportation	384,061	-	423,566	-	384,061	423,566
Community environment	117,388	-	168,041	-	117,388	168,041
Leisure time activity	12,829	-	11,555	-	12,829	11,555
Other	-	-	1,500	-	-	1,500
Interest and fiscal charges	53,805	-	50,796	-	53,805	50,796
Sewer	-	1,884,791	-	1,871,014	1,884,791	1,871,014
Refuse	-	366,084	-	342,718	366,084	342,718
Water	<u>-</u>	<u>431,914</u>	<u>-</u>	<u>353,033</u>	<u>431,914</u>	<u>353,033</u>
Total expenses	<u>2,213,355</u>	<u>2,682,789</u>	<u>2,202,135</u>	<u>2,566,765</u>	<u>4,896,144</u>	<u>4,768,900</u>
Increase (decrease) in net position	<u>334,315</u>	<u>(16,890)</u>	<u>265,157</u>	<u>(119,882)</u>	<u>317,425</u>	<u>145,275</u>
Net position at beginning of year	<u>5,233,809</u>	<u>5,724,336</u>	<u>4,968,652</u>	<u>5,844,218</u>	<u>10,958,145</u>	<u>10,812,870</u>
Net position at end of year	<u>\$ 5,568,124</u>	<u>\$ 5,707,446</u>	<u>\$ 5,233,809</u>	<u>\$ 5,724,336</u>	<u>\$ 11,275,570</u>	<u>\$ 10,958,145</u>

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

Governmental Activities

Governmental activities net position increased \$334,315 in 2014.

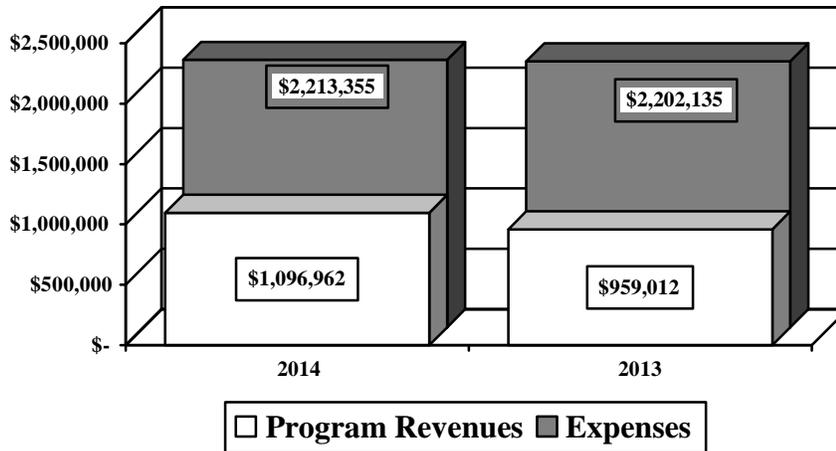
Security of persons and property which primarily supports the operation of police and fire services accounted for \$813,881 or 36.77% of the total expenses of the Village. Security of persons and property expenses were partially funded by \$7,535 in operating grants and contributions. General government expenses totaled \$831,391. General government expenses were partially funded by \$96,435 in direct charges to users of the services and operating grants and contributions of \$373,923.

The state and federal government contributed to the Village a total of \$733,606 in operating grants and contributions and capital grants and contributions of \$125,546. These revenues are restricted to a particular program or purpose.

General revenues totaled \$1,450,708, and amounted to 56.94% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$1,132,638. 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 \$136,543 and payment in lieu of taxes of \$113,619.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the Village is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities as program revenues are not sufficient to cover total governmental expenses for 2014.

Governmental Activities - Program Revenues vs. Total Expenses



VILLAGE OF CARLISLE, OHIO

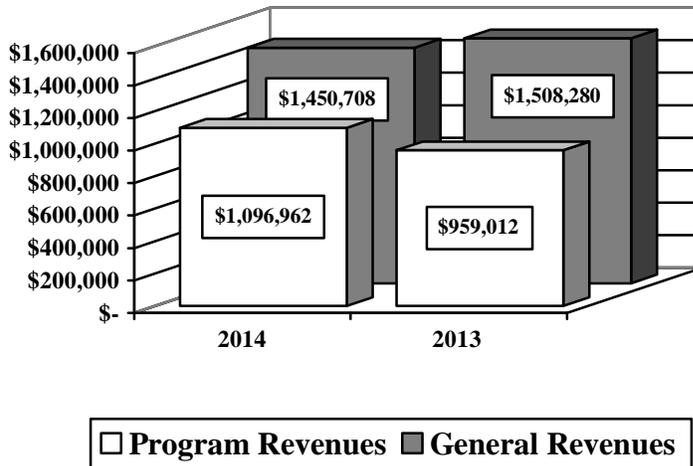
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

Governmental Activities

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program expenses:				
General government	\$ 831,391	\$ 361,033	\$ 748,581	\$ 432,421
Security of persons and property	813,881	806,346	798,096	794,918
Transportation	384,061	(30,183)	423,566	65,242
Community environment	117,388	(30,436)	168,041	(61,453)
Leisure time activity	12,829	12,829	11,555	11,555
Other	-	-	1,500	1,500
Interest and fiscal charges	<u>53,805</u>	<u>(3,196)</u>	<u>50,796</u>	<u>(1,060)</u>
Total	<u>\$ 2,213,355</u>	<u>\$ 1,116,393</u>	<u>\$ 2,202,135</u>	<u>\$ 1,243,123</u>

The dependence upon general revenues for governmental activities is apparent, with 65.54% of expenses supported through taxes and other general revenues. The net cost of transportation activities changed largely due to a decrease in intergovernmental revenue received for the State Route 123 reconstruction project. The chart below illustrates the Village's program revenues versus general revenues for 2014 and 2013.

Governmental Activities - General and Program Revenues

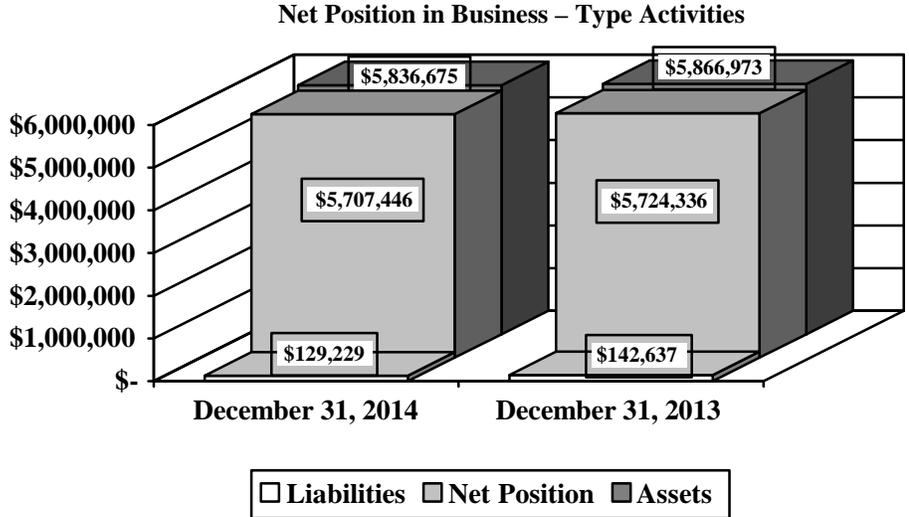


VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

Business-type Activities

Business-type activities include the sewer, water and refuse enterprise funds. These programs had program revenues of \$2,665,899 and expenses of \$2,682,789 for 2014. The graph below shows the business-type activities assets, liabilities and net position at year-end.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The Village's governmental funds (as presented on the balance sheet on pages 28-29) reported a combined fund balance of \$2,109,309 which is \$352,673 higher than last year's balance of \$1,756,636.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2014 and 2013 for all major and non-major governmental funds.

	Fund Balances <u>12/31/14</u>	Fund Balances <u>12/31/13</u>	Increase/ <u>(Decrease)</u>
Major funds:			
General	\$ 681,260	\$ 597,409	\$ 83,851
Road	368,558	314,711	53,847
Fire	172,329	148,027	24,302
Eagle Ridge TIF	28,520	55,272	(26,752)
Timber Ridge TIF	155,787	115,685	40,102
Police Services	273,841	258,213	15,628
Carlisle Business Park	4,949	38,268	(33,319)
SR/123 Reconstruction Phase V	14	4,283	(4,269)
Other nonmajor governmental funds	<u>424,051</u>	<u>224,768</u>	<u>199,283</u>
Total	<u>\$ 2,109,309</u>	<u>\$ 1,756,636</u>	<u>\$ 352,673</u>

General Fund

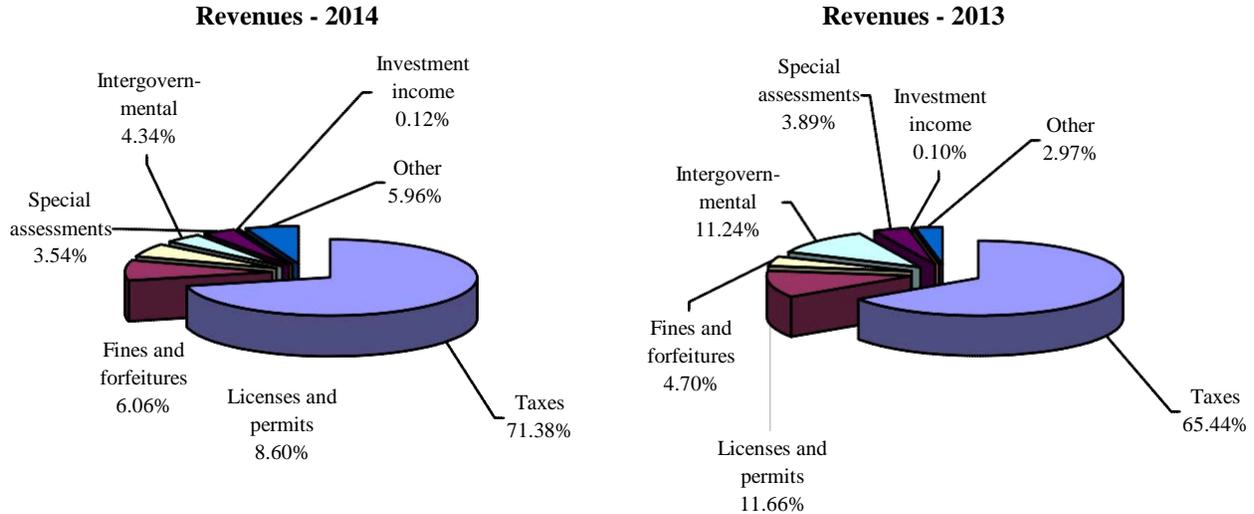
The Village's general fund balance increased \$83,851. The table that follows assists in illustrating the revenues of the general fund.

	2014 <u>Amount</u>	2013 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 700,491	\$ 679,627	3.07 %
Licenses and permits	84,374	121,091	(30.32) %
Fines and forfeitures	59,486	48,785	21.94 %
Intergovernmental	42,627	116,756	(63.49) %
Special assessments	34,732	40,413	(14.06) %
Investment income	1,196	990	20.81 %
Other	<u>58,512</u>	<u>30,818</u>	89.86 %
Total	<u>\$ 981,418</u>	<u>\$ 1,038,480</u>	(5.49) %

Tax revenue represents 71.38% of all general fund revenue. Tax revenue increased 3.07% from prior year. This is due in particular to an increase in income tax revenues. The increase in fines and forfeitures is due to a increase in court revenues during 2014. Intergovernmental revenues decreased 63.49% due to an decrease in inheritance tax revenues during 2014. All other revenues remained comparable to 2013.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**



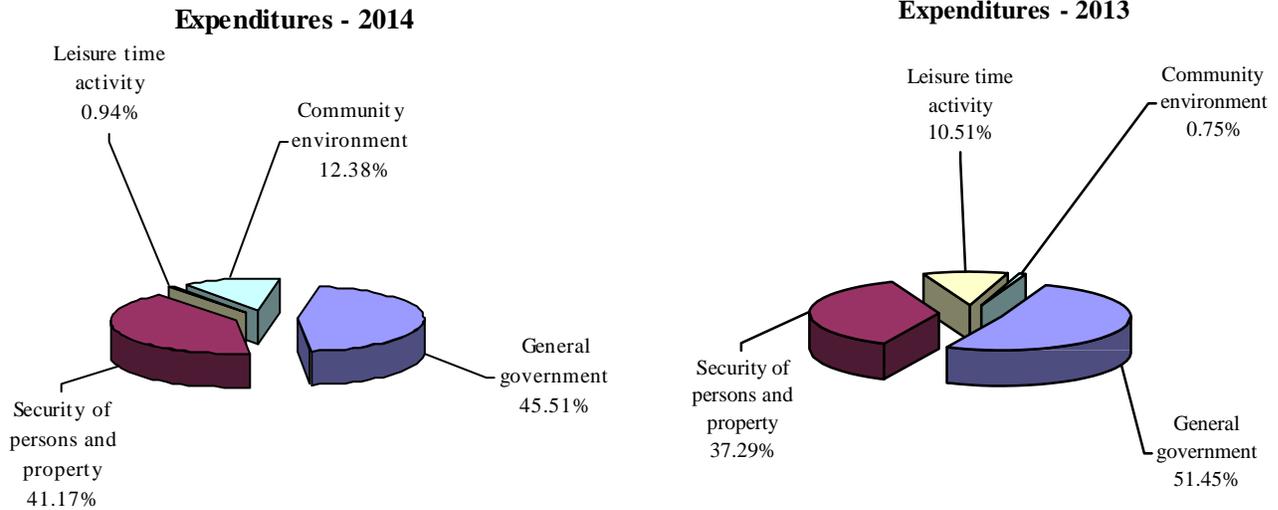
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 381,175	\$ 453,475	(15.94) %
Security of persons and property	344,850	328,667	4.92 %
Community environment	103,655	92,580	11.96 %
Leisure time activity	<u>7,887</u>	<u>6,612</u>	19.28 %
 Total	 <u>\$ 837,567</u>	 <u>\$ 881,334</u>	 (4.97) %

The Village decreased total expenditures by 4.97%. The only significant change is in general government expenditures. This is due to a variety of general government operations. Other expenditures remained comparable from 2013 to 2014.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED



Budgeting Highlights

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

Budgetary information is presented for the general fund, fire fund, timber ridge TIF fund, police services fund, road department fund, and the eagle ridge TIF fund. In the general fund, the actual revenues and other financing sources came in \$36,326 higher than they were in the final budget and actual expenditures and other financing uses were \$112,000 less than the amount in the final budget. Budgeted expenditures and other financing uses were increased \$14,964 from the original to the final budget. Budgeted revenues remained the same in the original and final budget.

Fire Fund

The fire fund had revenues and other financing sources of \$155,683 in 2014. The expenditures of the fire fund totaled \$138,332 in 2014. The net increase in fund balance for the fire fund was \$24,302 or 12.36%.

Timber Ridge TIF Fund

The Timber Ridge TIF fund had revenues of \$373,548 in 2014. The expenditures of the Timber Ridge TIF fund totaled \$406,736 in 2014. The net increase in fund balance for the Timber Ridge TIF fund was \$33,188 or 28.69%.

Police Services Fund

The police services fund had revenues of \$328,448 in 2014. The expenditures of the police services fund totaled \$313,323 in 2014. The net increase in fund balance for the police services fund was \$15,125 or 6.75%.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

Carlisle Business Park Fund

The Carlisle Business Park fund had other financing sources of \$669,700 in 2014. The expenditures of the Carlisle Business Park fund totaled \$703,019 in 2014. The net decrease in fund balance for the Carlisle Business Park fund was \$33,319 or 87.07%.

SR 123 Reconstruction Phase V

The SR 123 Reconstruction Phase V fund had other financing sources of \$422,000 in 2014. The expenditures of the SR 123 Reconstruction Phase V fund totaled \$426,269 in 2014. The net decrease in fund balance for the SR 123 Reconstruction Phase V fund was \$4,269 or 99.67%.

Road Department Fund

The road department fund had revenues and other financing sources of \$245,376 in 2014. The expenditures of the road department fund totaled \$302,382. The net decrease in fund balance for the road department fund was \$57,006 or 20.47%.

Eagle Ridge TIF Fund

The Eagle Ridge TIF fund had revenues of \$140,486 in 2014. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled \$167,238. The net decrease in fund balance for the Eagle Ridge TIF fund was \$26,752 or 48.40%.

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 \$1,767,666 in 2014. The operating expenses of the sewer fund, totaled \$1,884,791 in 2014. The net decrease in net position for the sewer fund was \$117,125 or 2.88%.

Water Fund

The water fund had operating revenues of \$471,205 in 2014. The operating expenses of the water fund, totaled \$431,914 in 2014. The net increase in net position for the water fund was \$39,291 or 2.83%.

Refuse Fund

The refuse fund had operating revenues of \$427,028 in 2014. The operating expenses of the refuse fund totaled \$366,084 in 2014. The net increase in net position for the refuse fund was \$60,944 or 22.60%.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of 2014, the Village had \$8,734,569 (net of accumulated depreciation) invested in land, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$5,176,030 was reported in governmental activities and \$3,558,539 was reported in business-type activities. See Note 9 for further description of capital assets.

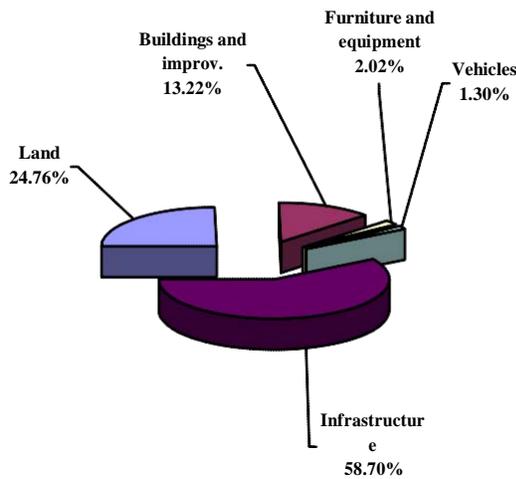
The following table shows December 31, 2014 balances compared to December 31, 2013:

**Capital Assets at December 31, 2014
(Net of Depreciation)**

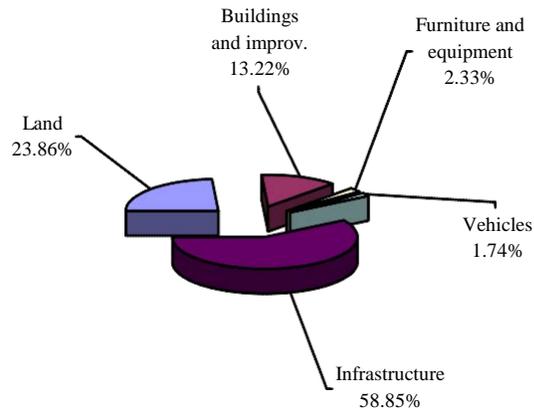
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,281,332	\$ 1,281,332	\$ -	\$ -	\$ 1,281,332	\$ 1,281,332
Buildings and improvements	684,173	710,221	-	-	684,173	710,221
Furniture and equipment	104,738	125,304	49,078	60,571	153,816	185,875
Vehicles	67,422	93,451	2	2	67,424	93,453
Infrastructure	<u>3,038,365</u>	<u>3,160,064</u>	<u>3,509,459</u>	<u>3,832,263</u>	<u>6,547,824</u>	<u>6,992,327</u>
Totals	<u>\$ 5,176,030</u>	<u>\$ 5,370,372</u>	<u>\$ 3,558,539</u>	<u>\$ 3,892,836</u>	<u>\$ 8,734,569</u>	<u>\$ 9,263,208</u>

The following graphs show the breakdown of governmental capital assets by category for 2014 and 2013

**Capital Assets - Governmental Activities
2014**



Capital Assets - Governmental Activities - 2013



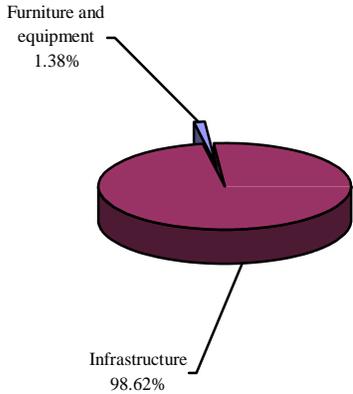
The Village's infrastructure is the largest capital asset category. The net book value of the Village's infrastructure represents approximately 58.70% of the Village's total governmental capital assets.

VILLAGE OF CARLISLE, OHIO

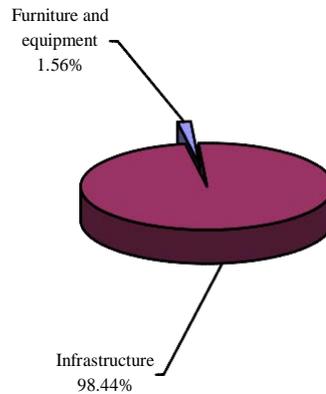
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

The following graphs show the breakdown of business-type capital assets by category for 2014 and 2013.

Capital Assets - Business-Type Activities 2014



Capital Assets - Business-Type Activities 2013



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 98.62% of the Village's total business-type capital assets.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2014 and 2013:

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 1,849,700	\$ 1,988,700
Special assessment bonds	155,377	198,105
Compensated absences	<u>13,322</u>	<u>21,893</u>
 Total long-term obligations	 <u>\$ 2,018,399</u>	 <u>\$ 2,208,698</u>

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

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 UNAUDITED

Economic Conditions and Outlook

Located in the northernmost corner of Warren County and spreading into southern Montgomery, Carlisle is a community with over 4,900 residents. It is conveniently located within driving distance of two major cities – Cincinnati (approx. 30 mi. south) and Dayton (approx. 15 mi. north). The area is served by both state and U.S. highways. State Route 123 travels through the heart of Carlisle with State Routes 4 and 73 being located just outside its borders and Interstate Route 75 is just three miles from the downtown area. Carlisle's early growth stemmed from the still active railroad community. This combination of geographical location and transportation convenience makes Carlisle an attractive site for both families and business alike. The 2010 census indicated that Carlisle had a population of 4,915 thus reverting back to "village" status. However, 2013 estimated figures from the US Census Bureau indicate that the community has grown to 5,107.

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. Given the current economic climate, development of this shovel-ready business park has been slow. Interest in land sales and business growth within the park has increased considerably in the past few years. Although no land sales occurred in 2014, the Village has been in serious discussion with two vendors with strong indication that a sale may occur in 2015.

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 2014 budget, the Village utilizes a basic philosophy to submit a budget to Council that balances the needs of the operation with the available revenue sources.

Local income tax collections for 2014 were up as compared to 2013 with an increase of 3.56% from the previous year. The Village's largest employer – the Carlisle Local School system – continues to show financial improvement after the passage of an operational levy in November 2012 financial stability after the passage an operating levy that appears to have helped stabilize their payroll and share of local income tax.

The Village continues to struggles to find ways to offset the previous funding reductions at both the State and Federal level as well as general downsizing in overall industry. However, the number of new residential housing has continued to increase in 2014 as compared to 2013 and 2012 indicating the continuing economic recovery for the area. The Village continues to prepare itself financially for future lean revenue years with minimal disruption in local services. Management and staff worked with Village Council to stabilize the village's enterprise funds by passing along sewer treatment and water acquisition increases from vendors to the public in late 2013. Council and staff will continue to discuss other economic options in 2015 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 2015. Budgeted revenues and other financing sources in the general fund for 2015 budget are \$926,520. The Village will continue conservative budgeting practices and will continue to look at long-term budget forecasts to make adequate plans to maintain solvency.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

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: Julie Duffy, Finance Director, 760 West Central Avenue, Carlisle, Ohio 45005.

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VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 1,977,411	\$ 2,130,135	\$ 4,107,546
Receivables (net of allowances for uncollectibles):			
Income taxes.	255,438	-	255,438
Property and other taxes.	187,615	-	187,615
Payment in lieu of taxes	237,350	-	237,350
Accounts.	3,627	91,253	94,880
Special assessments	3,108	46,998	50,106
Due from other governments.	187,285	-	187,285
Materials and supplies inventory.	14,841	894	15,735
Prepayments	13,709	8,856	22,565
Capital assets:			
Nondepreciable capital assets.	1,281,332	-	1,281,332
Depreciable capital assets, net.	3,894,698	3,558,539	7,453,237
Total capital assets, net.	<u>5,176,030</u>	<u>3,558,539</u>	<u>8,734,569</u>
Total assets	<u>8,056,414</u>	<u>5,836,675</u>	<u>13,893,089</u>
Liabilities:			
Accounts payable.	1,607	93,261	94,868
Accrued wages and benefits payable	15,554	10,762	26,316
Due to other governments	19,612	11,823	31,435
Accrued interest payable	18,182	-	18,182
Long-term liabilities:			
Due within one year	1,700,519	4,325	1,704,844
Due in more than one year.	<u>317,880</u>	<u>9,058</u>	<u>326,938</u>
Total liabilities	<u>2,073,354</u>	<u>129,229</u>	<u>2,202,583</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	177,586	-	177,586
Payment in lieu of taxes levied for the next fiscal year. .	<u>237,350</u>	<u>-</u>	<u>237,350</u>
Total deferred inflows of resources	<u>414,936</u>	<u>-</u>	<u>414,936</u>
Net position:			
Net investment in capital assets	3,326,330	3,558,539	6,884,869
Restricted for:			
Capital projects	66,958	-	66,958
Transportation projects	493,544	-	493,544
Public safety	819,736	-	819,736
Other purposes.	25,215	-	25,215
Unrestricted.	<u>836,341</u>	<u>2,148,907</u>	<u>2,985,248</u>
Total net position	<u>\$ 5,568,124</u>	<u>\$ 5,707,446</u>	<u>\$ 11,275,570</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government.	\$ 831,391	\$ 96,435	\$ 373,923	\$ -
Security of persons and property	813,881	-	7,535	-
Transportation.	384,061	-	352,148	62,096
Community environment	117,388	84,374	-	63,450
Leisure time activity.	12,829	-	-	-
Interest and fiscal charges.	53,805	57,001	-	-
Total governmental activities	2,213,355	237,810	733,606	125,546
Business-type activities:				
Sewer	1,884,791	1,767,666	-	-
Water	431,914	471,205	-	-
Refuse	366,084	427,028	-	-
Total business-type activities	2,682,789	2,665,899	-	-
Total primary government	\$ 4,896,144	\$ 2,903,709	\$ 733,606	\$ 125,546

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
\$ (361,033)	\$ -	\$ (361,033)
(806,346)	-	(806,346)
30,183	-	30,183
30,436	-	30,436
(12,829)	-	(12,829)
3,196	-	3,196
<u>(1,116,393)</u>	<u>-</u>	<u>(1,116,393)</u>
-	(117,125)	(117,125)
-	39,291	39,291
-	60,944	60,944
-	<u>(16,890)</u>	<u>(16,890)</u>
<u>(1,116,393)</u>	<u>(16,890)</u>	<u>(1,133,283)</u>
59,511	-	59,511
123,379	-	123,379
633,157	-	633,157
316,591	-	316,591
136,543	-	136,543
113,619	-	113,619
1,196	-	1,196
66,712	-	66,712
<u>1,450,708</u>	<u>-</u>	<u>1,450,708</u>
334,315	(16,890)	317,425
<u>5,233,809</u>	<u>5,724,336</u>	<u>10,958,145</u>
<u>\$ 5,568,124</u>	<u>\$ 5,707,446</u>	<u>\$ 11,275,570</u>

VILLAGE OF CARLISLE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Road Department	Fire	Eagle Ridge TIF
Assets:				
Equity in pooled cash and cash equivalents.	\$ 546,657	\$ 328,336	\$ 176,628	\$ 28,520
Receivables:				
Income taxes.	170,292	-	-	-
Property and other taxes.	59,568	-	128,047	-
Payment in lieu of taxes	-	-	-	74,910
Accounts.	2,835	-	-	-
Special assessments	3,108	-	-	-
Interfund loans.	70,000	-	-	-
Due from other governments	19,439	105,441	10,852	12,084
Materials and supplies inventory	4,695	8,141	461	-
Prepayments.	7,289	1,220	1,693	-
Total assets	<u>\$ 883,883</u>	<u>\$ 443,138</u>	<u>\$ 317,681</u>	<u>\$ 115,514</u>
Liabilities:				
Accounts payable.	\$ 987	\$ 2	\$ 279	\$ -
Accrued wages and benefits	6,940	1,403	-	-
Due to other governments	7,834	1,368	6,174	-
Interfund loans payable.	-	-	-	-
Total liabilities.	<u>15,761</u>	<u>2,773</u>	<u>6,453</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	56,290	-	121,296	-
Delinquent property tax revenue not available.	3,278	-	6,751	-
Special assessments revenue not available.	3,108	-	-	-
Income tax revenue not available.	110,548	-	-	-
Other nonexchange transactions not available	13,638	71,807	10,852	12,084
Payment in lieu of taxes levied for the next fiscal year.	-	-	-	74,910
Total deferred inflows of resources	<u>186,862</u>	<u>71,807</u>	<u>138,899</u>	<u>86,994</u>
Fund balances:				
Nonspendable.	11,984	9,361	2,154	-
Restricted.	-	359,197	170,175	28,520
Committed.	-	-	-	-
Assigned.	124,219	-	-	-
Unassigned (deficit)	545,057	-	-	-
Total fund balances.	<u>681,260</u>	<u>368,558</u>	<u>172,329</u>	<u>28,520</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 883,883</u>	<u>\$ 443,138</u>	<u>\$ 317,681</u>	<u>\$ 115,514</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Timber Ridge TIF	Police Services	Carlisle Business Park	SR 123 Reconstruction Phase V	Other Governmental Funds	Total Governmental Funds
\$ 155,787	\$ 252,248	\$ 4,949	\$ 14	\$ 484,272	\$ 1,977,411
-	85,146	-	-	-	255,438
-	-	-	-	-	187,615
151,896	-	-	-	10,544	237,350
-	-	-	-	792	3,627
-	-	-	-	-	3,108
-	-	-	-	-	70,000
24,503	-	-	-	14,966	187,285
-	-	-	-	1,544	14,841
-	3,507	-	-	-	13,709
<u>\$ 332,186</u>	<u>\$ 340,901</u>	<u>\$ 4,949</u>	<u>\$ 14</u>	<u>\$ 512,118</u>	<u>\$ 2,950,384</u>
\$ -	\$ 339	\$ -	\$ -	\$ -	\$ 1,607
-	7,211	-	-	-	15,554
-	4,236	-	-	-	19,612
-	-	-	-	70,000	70,000
-	11,786	-	-	70,000	106,773
-	-	-	-	-	177,586
-	-	-	-	-	10,029
-	-	-	-	-	3,108
-	55,274	-	-	-	165,822
24,503	-	-	-	7,523	140,407
151,896	-	-	-	10,544	237,350
<u>176,399</u>	<u>55,274</u>	<u>-</u>	<u>-</u>	<u>18,067</u>	<u>734,302</u>
-	3,507	-	-	1,544	28,550
155,787	270,334	4,949	14	161,912	1,150,888
-	-	-	-	268,473	268,473
-	-	-	-	-	124,219
-	-	-	-	(7,878)	537,179
<u>155,787</u>	<u>273,841</u>	<u>4,949</u>	<u>14</u>	<u>424,051</u>	<u>2,109,309</u>
<u>\$ 332,186</u>	<u>\$ 340,901</u>	<u>\$ 4,949</u>	<u>\$ 14</u>	<u>\$ 512,118</u>	<u>\$ 2,950,384</u>

VILLAGE OF CARLISLE, OHIO

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

Total governmental fund balances	\$	2,109,309
 <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.		5,176,030
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 165,822	
Property taxes receivable	10,029	
Special assessments receivable	3,108	
Intergovernmental receivable	140,407	
Total		319,366
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	(18,182)	
Special assessment bonds	(155,377)	
General obligation bonds	(220,000)	
General obligation notes	(1,629,700)	
Compensated absences	(13,322)	
Total		(2,036,581)
Net position of governmental activities	\$	5,568,124

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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VILLAGE OF CARLISLE, OHIO

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

	<u>General</u>	<u>Road Department</u>	<u>Fire</u>	<u>Eagle Ridge TIF</u>
Revenues:				
Income taxes	\$ 639,895	\$ -	\$ -	\$ -
Property and other taxes.	60,596	-	125,490	-
Licenses and permits	84,374	-	-	-
Fines and forfeitures	59,486	-	-	-
Intergovernmental.	42,627	215,670	21,933	26,867
Special assessments	34,732	-	-	-
Investment income.	1,196	121	-	-
Payment in lieu of taxes	-	-	-	113,619
Other	58,512	1,829	7,535	-
Total revenues	<u>981,418</u>	<u>217,620</u>	<u>154,958</u>	<u>140,486</u>
Expenditures:				
Current:				
General government	381,175	-	-	112,238
Security of persons and property	344,850	-	131,381	-
Transportation	-	163,817	-	-
Community environment	103,655	-	-	-
Leisure time activity	7,887	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement.	-	18,500	-	-
Interest and fiscal charges	-	10,481	-	-
Total expenditures	<u>837,567</u>	<u>192,798</u>	<u>131,381</u>	<u>112,238</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>143,851</u>	<u>24,822</u>	<u>23,577</u>	<u>28,248</u>
Other financing sources (uses):				
Note issuance	-	-	-	-
Sale of capital assets.	-	29,025	725	-
Transfers in	-	-	-	-
Transfers (out).	(60,000)	-	-	(55,000)
Total other financing sources (uses)	<u>(60,000)</u>	<u>29,025</u>	<u>725</u>	<u>(55,000)</u>
Net change in fund balances	83,851	53,847	24,302	(26,752)
Fund balances at beginning of year	<u>597,409</u>	<u>314,711</u>	<u>148,027</u>	<u>55,272</u>
Fund balances at end of year	<u>\$ 681,260</u>	<u>\$ 368,558</u>	<u>\$ 172,329</u>	<u>\$ 28,520</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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Timber Ridge TIF	Police Services	Carlisle Business Park	SR 123 Reconstruction Phase V	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 319,951	\$ -	\$ -	\$ -	\$ 959,846
-	-	-	-	-	186,086
-	-	-	-	-	84,374
-	-	-	-	2,160	61,646
48,495	-	-	-	245,508	601,100
-	-	-	-	-	34,732
-	-	-	-	82	1,399
325,053	-	-	-	40,931	479,603
-	8,200	-	-	76,294	152,370
<u>373,548</u>	<u>328,151</u>	<u>-</u>	<u>-</u>	<u>364,975</u>	<u>2,561,156</u>
333,446	-	-	-	20,342	847,201
-	312,523	-	-	-	788,754
-	-	-	-	82,444	246,261
-	-	1,169	974	6,478	112,276
-	-	-	-	-	7,887
-	-	-	-	1,150	1,150
-	-	689,700	418,000	685,228	1,811,428
-	-	12,150	7,295	23,050	52,976
<u>333,446</u>	<u>312,523</u>	<u>703,019</u>	<u>426,269</u>	<u>818,692</u>	<u>3,867,933</u>
<u>40,102</u>	<u>15,628</u>	<u>(703,019)</u>	<u>(426,269)</u>	<u>(453,717)</u>	<u>(1,306,777)</u>
-	-	609,700	400,000	620,000	1,629,700
-	-	-	-	-	29,750
-	-	60,000	22,000	33,000	115,000
-	-	-	-	-	(115,000)
<u>-</u>	<u>-</u>	<u>669,700</u>	<u>422,000</u>	<u>653,000</u>	<u>1,659,450</u>
40,102	15,628	(33,319)	(4,269)	199,283	352,673
115,685	258,213	38,268	4,283	224,768	1,756,636
<u>\$ 155,787</u>	<u>\$ 273,841</u>	<u>\$ 4,949</u>	<u>\$ 14</u>	<u>\$ 424,051</u>	<u>\$ 2,109,309</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, 2014

Net change in fund balances - total governmental funds	\$	352,673
 <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 outlays in the current period.		
Capital asset additions	\$ 8,800	
Current year depreciation	(203,142)	
Total		(194,342)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(10,098)	
Property taxes	(3,196)	
Special assessments	(12)	
Intergovernmental revenues	(180)	
Total		(13,486)
 The issuance of notes provides current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net position.		
		(1,629,700)
 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.		
		1,811,428
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		(829)
 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.		
		<u>8,571</u>
Change in net position of governmental activities	\$	<u><u>334,315</u></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)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 603,000	\$ 603,000	\$ 640,497	\$ 37,497
Property and other taxes.	64,000	64,000	60,596	(3,404)
Licenses and permits	94,250	94,250	99,465	5,215
Fines and forfeitures	50,100	50,100	61,015	10,915
Intergovernmental.	42,400	42,400	42,613	213
Special assessments	30,300	30,300	34,732	4,432
Investment income.	750	750	1,196	446
Other.	25,000	25,000	58,512	33,512
Total revenues	<u>909,800</u>	<u>909,800</u>	<u>998,626</u>	<u>88,826</u>
Expenditures:				
Current:				
General government	443,125	433,336	384,523	48,813
Security of persons and property	347,360	368,416	342,885	25,531
Community environment	137,064	138,761	104,426	34,335
Leisure time activity	8,920	10,920	7,599	3,321
Total expenditures	<u>936,469</u>	<u>951,433</u>	<u>839,433</u>	<u>112,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,669)</u>	<u>(41,633)</u>	<u>159,193</u>	<u>200,826</u>
Other financing sources (uses):				
Advances in.	-	-	6,000	6,000
Transfers in	58,500	58,500	-	(58,500)
Transfers (out)	(60,000)	(60,000)	(60,000)	-
Total other financing (uses)	<u>(1,500)</u>	<u>(1,500)</u>	<u>(54,000)</u>	<u>(52,500)</u>
Net change in fund balances	(28,169)	(43,133)	105,193	148,326
Fund balances at beginning of year.	424,650	424,650	424,650	-
Prior year encumbrances appropriated.	<u>11,464</u>	<u>11,464</u>	<u>11,464</u>	<u>-</u>
Fund balance at end of year	<u>\$ 407,945</u>	<u>\$ 392,981</u>	<u>\$ 541,307</u>	<u>\$ 148,326</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes.	\$ 130,000	\$ 130,000	\$ 125,490	\$ (4,510)
Intergovernmental.	20,000	20,000	21,933	1,933
Other	-	-	7,535	7,535
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>154,958</u>	<u>4,958</u>
Expenditures:				
Current:				
Security of persons and property	175,684	188,368	138,332	50,036
Total expenditures	<u>175,684</u>	<u>188,368</u>	<u>138,332</u>	<u>50,036</u>
Excess of revenues over expenditures.	<u>(25,684)</u>	<u>(38,368)</u>	<u>16,626</u>	<u>54,994</u>
Other financing sources:				
Sale of capital assets.	-	-	725	725
Total other financing sources	<u>-</u>	<u>-</u>	<u>725</u>	<u>725</u>
Net change in fund balances	(25,684)	(38,368)	17,351	55,719
Fund balances at beginning of year	140,415	140,415	140,415	-
Prior year encumbrances appropriated	<u>11,184</u>	<u>11,184</u>	<u>11,184</u>	<u>-</u>
Fund balance at end of year	<u>\$ 125,915</u>	<u>\$ 113,231</u>	<u>\$ 168,950</u>	<u>\$ 55,719</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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Payment in lieu of taxes.	\$ 25,090	\$ 48,561	\$ 48,495	\$ (66)
Intergovernmental.	167,910	324,987	325,053	66
Total revenues	<u>193,000</u>	<u>373,548</u>	<u>373,548</u>	<u>-</u>
Expenditures:				
Current:				
General government	155,000	407,810	406,736	1,074
Total expenditures.	<u>155,000</u>	<u>407,810</u>	<u>406,736</u>	<u>1,074</u>
Net change in fund balances.	38,000	(34,262)	(33,188)	1,074
Fund balances at beginning of year	<u>115,685</u>	<u>115,685</u>	<u>115,685</u>	<u>-</u>
Fund balance at end of year	<u>\$ 153,685</u>	<u>\$ 81,423</u>	<u>\$ 82,497</u>	<u>\$ 1,074</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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 290,575	\$ 290,575	\$ 320,248	\$ 29,673
Other	-	-	8,200	8,200
Total revenues	<u>290,575</u>	<u>290,575</u>	<u>328,448</u>	<u>37,873</u>
Expenditures:				
Current:				
Security of persons and property.	342,594	357,338	313,323	44,015
Total expenditures	<u>342,594</u>	<u>357,338</u>	<u>313,323</u>	<u>44,015</u>
Net change in fund balances	(52,019)	(66,763)	15,125	81,888
Fund balances at beginning of year	224,320	224,320	224,320	-
Prior year encumbrances appropriated . . .	<u>11,244</u>	<u>11,244</u>	<u>11,244</u>	<u>-</u>
Fund balance at end of year	<u>\$ 183,545</u>	<u>\$ 168,801</u>	<u>\$ 250,689</u>	<u>\$ 81,888</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF CARLISLE, OHIO
WARREN COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 183,491	\$ 183,491	\$ 214,401	\$ 30,910
Investment income	104	104	121	17
Other	1,565	1,565	1,829	264
Total revenues	<u>185,160</u>	<u>185,160</u>	<u>216,351</u>	<u>31,191</u>
Expenditures:				
Current:				
Transportation	163,397	301,734	273,401	28,333
Debt service:				
Principal retirement	18,500	18,500	18,500	-
Interest and fiscal charges	10,481	10,481	10,481	-
Total expenditures	<u>192,378</u>	<u>330,715</u>	<u>302,382</u>	<u>28,333</u>
Excess expenditures over revenues	<u>(7,218)</u>	<u>(145,555)</u>	<u>(86,031)</u>	<u>59,524</u>
Other financing sources:				
Sale of capital assets	24,840	24,840	29,025	4,185
Total other financing sources	<u>24,840</u>	<u>24,840</u>	<u>29,025</u>	<u>4,185</u>
Net change in fund balances	17,622	(120,715)	(57,006)	63,709
Fund balances at beginning of year	278,481	278,481	278,481	-
Prior year encumbrances appropriated	3,587	3,587	3,587	-
Fund balance at end of year	<u>\$ 299,690</u>	<u>\$ 161,353</u>	<u>\$ 225,062</u>	<u>\$ 63,709</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF CARLISLE, OHIO
WARREN COUNTY, 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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 17,500	\$ 17,500	\$ 26,868	\$ 9,368
Payment in lieu of taxes	115,000	115,000	113,618	(1,382)
Total revenues	<u>132,500</u>	<u>132,500</u>	<u>140,486</u>	<u>7,986</u>
Expenditures:				
Current:				
General government	85,000	112,500	112,238	262
Total expenditures	<u>85,000</u>	<u>112,500</u>	<u>112,238</u>	<u>262</u>
Excess of revenues over expenditures.	<u>47,500</u>	<u>20,000</u>	<u>28,248</u>	<u>8,248</u>
Other financing sources (uses):				
Transfers (out).	(55,000)	(55,000)	(55,000)	-
Total other financing uses	<u>(55,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
Net change in fund balances	(7,500)	(35,000)	(26,752)	8,248
Fund balances at beginning of year	<u>55,272</u>	<u>55,272</u>	<u>55,272</u>	<u>-</u>
Fund balance at end of year	<u>\$ 47,772</u>	<u>\$ 20,272</u>	<u>\$ 28,520</u>	<u>\$ 8,248</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 1,309,509	\$ 512,766	\$ 307,860	\$ 2,130,135
Receivables (net of allowance for uncollectibles):				
Accounts	51,816	13,721	25,716	91,253
Special assessments	43,585	-	3,413	46,998
Materials and supplies inventory.	822	-	72	894
Prepayments	5,681	2,200	975	8,856
Total current assets	<u>1,411,413</u>	<u>528,687</u>	<u>338,036</u>	<u>2,278,136</u>
Noncurrent assets:				
Capital assets:				
Total depreciable capital assets, net.	2,654,133	904,406	-	3,558,539
Total capital assets, net	<u>2,654,133</u>	<u>904,406</u>	<u>-</u>	<u>3,558,539</u>
Total noncurrent assets.	<u>2,654,133</u>	<u>904,406</u>	<u>-</u>	<u>3,558,539</u>
Total assets.	<u>4,065,546</u>	<u>1,433,093</u>	<u>338,036</u>	<u>5,836,675</u>
Liabilities:				
Current liabilities:				
Accounts payable.	93,257	2	2	93,261
Accrued wages and benefits	6,944	2,000	1,818	10,762
Compensated absences	2,691	932	702	4,325
Due to other governments	7,520	2,129	2,174	11,823
Total current liabilities	<u>110,412</u>	<u>5,063</u>	<u>4,696</u>	<u>120,171</u>
Long-term liabilities:				
Compensated absences.	3,532	2,737	2,789	9,058
Total long-term liabilities	<u>3,532</u>	<u>2,737</u>	<u>2,789</u>	<u>9,058</u>
Total liabilities	<u>113,944</u>	<u>7,800</u>	<u>7,485</u>	<u>129,229</u>
Net position:				
Net investment in capital assets.	2,654,133	904,406	-	3,558,539
Unrestricted	<u>1,297,469</u>	<u>520,887</u>	<u>330,551</u>	<u>2,148,907</u>
Total net position	<u>\$ 3,951,602</u>	<u>\$ 1,425,293</u>	<u>\$ 330,551</u>	<u>\$ 5,707,446</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, 2014

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Operating revenues:				
Charges for services	\$ 1,715,878	\$ 429,762	\$ 426,343	\$ 2,571,983
Tap-in fees.	46,290	27,060	-	73,350
Other	5,498	14,383	685	20,566
Total operating revenues.	<u>1,767,666</u>	<u>471,205</u>	<u>427,028</u>	<u>2,665,899</u>
Operating expenses:				
Personal services	342,318	91,641	89,721	523,680
Contract services.	1,247,496	278,082	274,414	1,799,992
Materials and supplies.	11,504	9,406	1,684	22,594
Transportation	840	375	135	1,350
Depreciation.	281,983	52,314	-	334,297
Other	650	96	130	876
Total operating expenses.	<u>1,884,791</u>	<u>431,914</u>	<u>366,084</u>	<u>2,682,789</u>
Operating income (loss)	<u>(117,125)</u>	<u>39,291</u>	<u>60,944</u>	<u>(16,890)</u>
Change in net position	(117,125)	39,291	60,944	(16,890)
Net position at beginning of year	<u>4,068,727</u>	<u>1,386,002</u>	<u>269,607</u>	<u>5,724,336</u>
Net position at end of year	<u>\$ 3,951,602</u>	<u>\$ 1,425,293</u>	<u>\$ 330,551</u>	<u>\$ 5,707,446</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, 2014

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Sewer</u>	<u>Water</u>	<u>Refuse</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 1,761,458	\$ 455,839	\$ 425,572	\$ 2,642,869
Cash received from other operations.	5,498	14,383	685	20,566
Cash payments for personal services.	(345,152)	(88,045)	(86,610)	(519,807)
Cash payments for contractual services	(1,239,782)	(278,956)	(296,905)	(1,815,643)
Cash payments for materials and supplies	(11,435)	(9,406)	(1,670)	(22,511)
Cash payments for transportation	(840)	(375)	(135)	(1,350)
Cash payments for other expenses	(650)	(96)	(130)	(876)
Net cash provided by operating activities.	<u>169,097</u>	<u>93,344</u>	<u>40,807</u>	<u>303,248</u>
Cash and cash equivalents at beginning of year . . .	1,140,412	419,422	267,053	1,826,887
Cash and cash equivalents at end of year.	<u>\$ 1,309,509</u>	<u>\$ 512,766</u>	<u>\$ 307,860</u>	<u>\$ 2,130,135</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (117,125)	\$ 39,291	\$ 60,944	\$ (16,890)
Adjustments:				
Depreciation.	281,983	52,314	-	334,297
Changes in assets and liabilities:				
Decrease in materials and supplies inventory	69	-	14	83
(Increase) in accounts receivable.	(500)	(983)	(509)	(1,992)
(Increase) in special assessments.	(210)	-	(262)	(472)
Decrease (Increase) in prepayments	2,532	(842)	(60)	1,630
Increase (Decrease) in accounts payable.	5,180	2	(22,429)	(17,247)
Increase in accrued wages and benefits	918	283	421	1,622
Increase (Decrease) in due to other governments.	(339)	549	460	670
(Decrease) in loans payable	(262)	(35)	(17)	(314)
Increase (Decrease) in compensated absences payable	<u>(3,149)</u>	<u>2,765</u>	<u>2,245</u>	<u>1,861</u>
Net cash provided by operating activities	<u>\$ 169,097</u>	<u>\$ 93,344</u>	<u>\$ 40,807</u>	<u>\$ 303,248</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2014

	<u>Agency</u>
Assets:	
Cash in segregated accounts	\$ 5,724
Total assets	<u>\$ 5,724</u>
Liabilities:	
Undistributed monies	\$ 5,724
Total liabilities.	<u>\$ 5,724</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

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

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 contracts with the Franklin Township Fire Department to provide fire services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

VILLAGE OF CARLISLE, OHIO

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

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

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

B. Basis of Presentation - Fund Accounting

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

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

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

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

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

VILLAGE OF CARLISLE, OHIO

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

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

C. Fund Accounting

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

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

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

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.

Carlisle business park fund - The Carlisle business park fund receives money from the sale of notes earmarked that are restricted for business park improvements.

SR 123 Reconstruction Phase V fund - The SR 123 Reconstruction Phase V fund receives money from capital grants that are restricted for construction projects.

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

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

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

VILLAGE OF CARLISLE, OHIO

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

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

VILLAGE OF CARLISLE, OHIO

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

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

E. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance year 2015 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as a deferred inflow. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2014, are recorded as deferred inflows on the fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.

VILLAGE OF CARLISLE, OHIO

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

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

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

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

F. Budgetary Data

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

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

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 2014.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, 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.

VILLAGE OF CARLISLE, OHIO

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

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

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.

During 2014, investments were limited to nonnegotiable certificates of deposit which are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2014 amount to \$1,196 which includes \$813 assigned from other Village funds.

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

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

H. Inventories of Materials and Supplies

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

I. Capital Assets

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

VILLAGE OF CARLISLE, OHIO

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

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

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

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

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.

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.

VILLAGE OF CARLISLE, OHIO

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Activity

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

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

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

M. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

N. Fund Balance

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

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

VILLAGE OF CARLISLE, OHIO

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

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

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.

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.

VILLAGE OF CARLISLE, OHIO

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

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

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 2014, the Village had no extraordinary or special items.

R. Interfund Balances

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2014, the Village has implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Village.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Village.

B. Deficit Fund Balances

Fund balances at December 31, 2014 included the following individual fund deficit:

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
SR 123/Reconstruction Phase X	\$ 7,878

The general fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for short-term liabilities.

VILLAGE OF CARLISLE, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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.

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

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

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

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

VILLAGE OF CARLISLE, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

A. Cash in Segregated Accounts

At December 31, 2014, \$5,724 was deposited in a segregated account for the Village's Mayor's Court. This amount is excluded from the internal cash pool and is reported on the statement of fiduciary net assets and liabilities as "cash in segregated accounts".

B. Deposits with Financial Institutions

At December 31, 2014, the carrying amount of all Village deposits was \$4,107,546. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2014, \$3,906,113 of the Village's bank balance of \$4,161,837 was exposed to custodial risk as discussed below, while \$255,724 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Village's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village. The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

VILLAGE OF CARLISLE, OHIO

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

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, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,107,546
Cash in segregated accounts	<u>5,724</u>
Total	<u>\$ 4,113,270</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 1,977,411
Business type activities	2,130,135
Agency funds	<u>5,724</u>
Total	<u>\$ 4,113,270</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2014, consisted of the following, as reported on the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>
	<u>General</u>
Carlisle business park	\$ 60,000
	<u>Eagle Ridge TIF</u>
SR 123 Reconstruction Phase V	22,000
Nonmajor governmental funds	<u>33,000</u>
Total	<u>\$ 115,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

VILLAGE OF CARLISLE, OHIO

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

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund loans consisted of the following at December 31, 2014, 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 balances result from resources provided by the receivable fund to the payable fund to provide cash flow resources until anticipated revenues are received. Interfund loans payable/receivable between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 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, 2014 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 2014 operations and the collection of delinquent taxes has been offset by deferred inflows since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflows.

VILLAGE OF CARLISLE, OHIO

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

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all Village operations for the year ended December 31, 2014 was \$3.81 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2014 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 59,654,290
Commercial/industrial/mineral	9,332,150
<u>Public utility</u>	
Personal	5,166,160
Total assessed value	\$ 74,152,600

NOTE 7 - RECEIVABLES

Receivables at December 31, 2014, consisted of taxes, accounts (billings for user charged services), accrued interest, special assessments and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2014.

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

<u>Governmental activities:</u>	
Income taxes	\$ 255,438
Property and other taxes	187,615
Payment in lieu of taxes	237,350
Accounts	3,627
Special assessments	3,108
Due from other governemnts	187,285
<u>Business-type activities:</u>	
Accounts	91,253
Special assessments	46,998

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

VILLAGE OF CARLISLE, OHIO

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

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 2014 was \$959,846 as reported in the fund financial statements.

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the governmental activities for the year ended December 31, 2014, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/13</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/14</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,281,332	\$ -	\$ -	\$ 1,281,332
Total capital assets, not being depreciated	<u>1,281,332</u>	<u>-</u>	<u>-</u>	<u>1,281,332</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,317,185	-	-	1,317,185
Furniture and equipment	308,563	-	-	308,563
Vehicles	673,460	8,800	(26,646)	655,614
Infrastructure	<u>3,776,690</u>	<u>-</u>	<u>-</u>	<u>3,776,690</u>
Total capital assets, being depreciated	<u>6,075,898</u>	<u>8,800</u>	<u>(26,646)</u>	<u>6,058,052</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(606,964)	(26,048)	-	(633,012)
Furniture and equipment	(183,259)	(20,566)	-	(203,825)
Vehicles	(580,009)	(34,829)	26,646	(588,192)
Infrastructure	<u>(616,626)</u>	<u>(121,699)</u>	<u>-</u>	<u>(738,325)</u>
Total accumulated depreciation	<u>(1,986,858)</u>	<u>(203,142)</u>	<u>26,646</u>	<u>(2,163,354)</u>
Total capital assets, being depreciated, net	<u>4,089,040</u>	<u>(194,342)</u>	<u>-</u>	<u>3,894,698</u>
Governmental activities capital assets, net	<u>\$ 5,370,372</u>	<u>\$ (194,342)</u>	<u>\$ -</u>	<u>\$ 5,176,030</u>

VILLAGE OF CARLISLE, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$ 15,599
Security of persons and property	32,886
Community environment	7,794
Transportation	141,921
Leisure time activity	<u>4,942</u>
Total depreciation expense - governmental activities	<u>\$ 203,142</u>

B. Business-type activities

Capital asset activity for the business-type activities for the year ended December 31, 2014, was as follows:

	<u>Balance</u> <u>12/31/13</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/14</u>
<u>Business-type activities:</u>				
<i>Capital assets, being depreciated</i>				
Furniture and equipment	\$ 206,457	\$ -	\$ -	\$ 206,457
Vehicles	183,144	-	-	183,144
Infrastructure	<u>12,912,124</u>	<u>-</u>	<u>-</u>	<u>12,912,124</u>
Total capital assets, being depreciated	<u>13,301,725</u>	<u>-</u>	<u>-</u>	<u>13,301,725</u>
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	(145,886)	(11,493)	-	(157,379)
Vehicles	(183,142)	-	-	(183,142)
Infrastructure	<u>(9,079,861)</u>	<u>(322,804)</u>	<u>-</u>	<u>(9,402,665)</u>
Total accumulated depreciation	<u>(9,408,889)</u>	<u>(334,297)</u>	<u>-</u>	<u>(9,743,186)</u>
Business-type activities capital assets, net	<u>\$ 3,892,836</u>	<u>\$ (334,297)</u>	<u>\$ -</u>	<u>\$ 3,558,539</u>

Depreciation was charged to departments of the Village as follows:

Business-type activities:

Sewer	\$ 281,983
Water	<u>52,314</u>
Total depreciation expense - business-type activities	<u>\$ 334,297</u>

VILLAGE OF CARLISLE, OHIO

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

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, 2014, the liability for unpaid compensated absences was \$31,324 for the entire Village.

NOTE 11 - LONG-TERM OBLIGATIONS

During 2014, the following changes occurred in the Village's long-term obligations:

	<u>Balance</u> <u>12/31/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/14</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>Governmental activities:</u>					
<u>General obligation bonds:</u>					
Road Improvements - 4.26%	\$ 240,000	\$ -	\$ (20,000)	\$ 220,000	\$ 20,000
<u>General obligation notes:</u>					
Real Estate Acquisition - 1.90%	76,000	46,000	(76,000)	46,000	46,000
Business Park Improvements - 1.65%	613,700	563,700	(613,700)	563,700	563,700
Road Improvement Note - 1.75%	<u>1,059,000</u>	<u>1,020,000</u>	<u>(1,059,000)</u>	<u>1,020,000</u>	<u>1,020,000</u>
Total general obligation bonds and notes	<u>1,988,700</u>	<u>1,629,700</u>	<u>(1,768,700)</u>	<u>1,849,700</u>	<u>1,649,700</u>
<u>Special assessment bonds:</u>					
Jamaica Road Improvements - 6.00%	17,105	-	(1,728)	15,377	1,832
Union Road Extension - 6.25%	51,000	-	(16,000)	35,000	17,000
Road Improvements - 4.15%	<u>130,000</u>	<u>-</u>	<u>(25,000)</u>	<u>105,000</u>	<u>25,000</u>
Total special assessment bonds	<u>198,105</u>	<u>-</u>	<u>(42,728)</u>	<u>155,377</u>	<u>43,832</u>
<u>Other long-term obligations:</u>					
Compensated absences	<u>21,893</u>	<u>-</u>	<u>(8,571)</u>	<u>13,322</u>	<u>6,987</u>
Total other long-term obligations	<u>21,893</u>	<u>-</u>	<u>(8,571)</u>	<u>13,322</u>	<u>6,987</u>
Total governmental activities long-term obligations	<u>\$ 2,208,698</u>	<u>\$ 1,629,700</u>	<u>\$ (1,819,999)</u>	<u>\$ 2,018,399</u>	<u>\$ 1,700,519</u>
	<u>Balance</u> <u>12/31/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/14</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>Business-type activities:</u>					
<u>Other long-term obligations:</u>					
Compensated absences	\$ 11,836	\$ 7,019	\$ (5,472)	\$ 13,383	\$ 4,325
Total business-type activities long-term obligations	<u>\$ 11,836</u>	<u>\$ 7,019</u>	<u>\$ (5,472)</u>	<u>\$ 13,383</u>	<u>\$ 4,325</u>

VILLAGE OF CARLISLE, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

General obligation notes - The real estate acquisition notes were issued for \$46,000 on March 21, 2014, bear an interest rate of 1.90% and matured on March 20, 2015. These notes were used to retire the \$76,000 real estate acquisition notes which matured on March 22, 2014. The business park improvement notes were issued for \$563,700 on December 5, 2014, bear an interest rate of 1.65% and matured on December 4, 2015. These notes were used to retire the \$613,700 business park improvement notes which matured on December 5, 2014. Road improvement notes were issued for \$1,020,000 on May 16, 2014, bear an interest rate of 1.75% and matured on May 15, 2015. These notes were used to retire the \$1,059,000 road improvement notes which matured on May 16, 2014.

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

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

Debt margin - The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the Village's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the Village's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2014, the Village's total debt margin was \$5,796,389 and the unvoted debt margin was \$4,078,393.

VILLAGE OF CARLISLE, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the Village's bonds outstanding at December 31, 2014 were:

Year Ending December 31,	Jamaica Road Improvements			Union Road Extension		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 1,832	\$ 932	\$ 2,764	\$ 17,000	\$ 2,188	\$ 19,188
2016	1,942	813	2,755	18,000	1,125	19,125
2017	2,058	696	2,754	-	-	-
2018	2,182	573	2,755	-	-	-
2019	<u>7,363</u>	<u>901</u>	<u>8,264</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 15,377	\$ 3,915	\$ 19,292	\$ 35,000	\$ 3,313	\$ 38,313

Year Ending December 31,	Eagle Court			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 25,000	\$ 5,543	\$ 30,543	\$ 20,000	\$ 10,480	\$ 30,480
2016	25,000	4,243	29,243	20,000	9,630	29,630
2017	25,000	2,930	27,930	20,000	8,740	28,740
2018	30,000	1,605	31,605	25,000	7,830	32,830
2019	-	-	-	25,000	6,668	31,668
2020 - 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>14,308</u>	<u>124,308</u>
Total	\$ 105,000	\$ 14,321	\$ 119,321	\$ 220,000	\$ 57,656	\$ 277,656

VILLAGE OF CARLISLE, OHIO

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

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 2014, the Village contracted with several companies for various types of insurance as follows. The risk of loss transfers to the insurance carrier upon payment of the premium. The following is a summary of the Village's insurance coverage:

<u>Company</u>	<u>Type</u>	<u>Deductible</u>	<u>Coverage</u>
The Ohio Plan	Commercial Property	\$1,000	\$3,390,632
The Ohio Plan	Scheduled & Misc. Equipment	\$1,000	\$774,615
The Ohio Plan	Auto Comprehensive & Collision	\$500	ACV
The Ohio Plan	Emergency Auto Comprehensive & Collision	\$500	\$919,519
The Ohio Plan	Auto Liability	-	\$5,000,000
The Ohio Plan	General Liability	-	\$5,000,000
The Ohio Plan	Public Officials Liability	\$1,000	\$5,000,000
The Ohio Plan	Employee Bonding		
	- Village Manager	-	\$35,000
	- Finance Director	-	\$35,000
	- Public Employee	-	\$35,000
The Ohio Plan	Law Enforcement Operations	\$1,000	\$5,000,000
The Ohio Plan	Wrongful Acts	\$5,000	\$5,000,000

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

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

NOTE 13 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The Village participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

VILLAGE OF CARLISLE, OHIO

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

NOTE 13 - PENSION PLANS - (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. The 2014 member contribution rates were 10.00% for members. The Village's contribution rate for 2014 was 14.00% of covered payroll.

The Village's contribution rate for pension benefits for members in the Traditional Plan and Combined Plan for 2014 was 12.00%. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$68,312, \$71,869, and \$50,656, respectively; 90.98% has been contributed for 2014, 100% has been contributed for 2013 and 2012. The remaining 2014 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the Member-Directed Plan for 2014 were \$4,386 made by the Village and \$3,133 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy - From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.50% of their annual covered salary. Throughout 2014, the Village was required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute.

For 2014, the portion of the Village's contributions to fund pension obligations was 19.00% for police officers. The Village's required contributions for pension obligations to OP&F for police officers was \$65,674 for the year ended December 31, 2014, \$52,886 for the year ended December 31, 2013, and \$31,387 for the year ended December 31, 2012. 100% has been contributed for 2014, 2013 and 2012.

VILLAGE OF CARLISLE, OHIO

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

NOTE 14 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2014 was 2.00%.

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

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$11,389, \$5,526, and \$20,267, respectively; 90.98% has been contributed for 2014, 100% has been contributed for 2013 and 2012. The remaining 2014 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

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

VILLAGE OF CARLISLE, OHIO

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

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, 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 the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

VILLAGE OF CARLISLE, OHIO

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

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers was \$1,728 for the year ended December 31, 2014, \$12,187 for the year ended December 31, 2013, and \$16,617 for the year ended December 31, 2012. 100% has been contributed for 2014, 2013 and 2012.

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, fire fund, timber ridge TIF fund, police services fund, road department fund and the eagle ridge TIF fund, are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

VILLAGE OF CARLISLE, OHIO

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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>Fire</u>	<u>Timber Ridge TIF</u>	<u>Police Services</u>	<u>Road</u>	<u>Eagle Ridge TIF</u>
Budget basis	\$ 105,193	\$ 17,351	\$ (33,188)	\$ 15,125	\$ (57,006)	\$ (26,752)
Net adjustment for revenue accruals	(17,208)	-	-	(297)	1,269	-
Net adjustment for expenditure accruals	(3,484)	(727)	-	(759)	6,310	-
Net adjustment for other sources /uses	(6,000)	-	-	-	-	-
Adjustment for encumbrances	5,350	7,678	73,290	1,559	103,274	-
GAAP basis	<u>\$ 83,851</u>	<u>\$ 24,302</u>	<u>\$ 40,102</u>	<u>\$ 15,628</u>	<u>\$ 53,847</u>	<u>\$ (26,752)</u>

VILLAGE OF CARLISLE, OHIO

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

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 balance	General	Fire	Timber Ridge TIF	Police Services	Carlisle Business Park
Nonspendable:					
Materials and supplies inventory	\$ 4,695	\$ 461	\$ -	\$ -	\$ -
Prep aids	7,289	1,693	-	3,507	-
Total nonspendable	<u>11,984</u>	<u>2,154</u>	<u>-</u>	<u>3,507</u>	<u>-</u>
Restricted:					
General government	-	-	-	-	-
Capital improvements	-	-	155,787	-	-
Security of persons and property	-	170,175	-	270,334	-
Community environment	-	-	-	-	4,949
Transportation	-	-	-	-	-
Other purposes	-	-	-	-	-
Total restricted	<u>-</u>	<u>170,175</u>	<u>155,787</u>	<u>270,334</u>	<u>4,949</u>
Committed:					
Transportation	-	-	-	-	-
Debt service	-	-	-	-	-
Capital improvements	-	-	-	-	-
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned:					
General government	5,144	-	-	-	-
Security of persons and property	200	-	-	-	-
Subsequent year appropriation	118,875	-	-	-	-
Total assigned	<u>124,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>545,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 681,260</u>	<u>\$ 172,329</u>	<u>\$ 155,787</u>	<u>\$ 273,841</u>	<u>\$ 4,949</u>

VILLAGE OF CARLISLE, OHIO

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

NOTE 16 - FUND BALANCE - (Continued)

Fund balance	SR 123 Reconstruction Phase V	Road	Eagle Ridge TIF	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ -	\$ 8,141	\$ -	\$ 1,544	\$ 14,841
Prep aids	-	1,220	-	-	13,709
Total nonspendable	-	9,361	-	1,544	28,550
Restricted:					
General government	-	-	-	79,617	79,617
Capital improvements	14	-	28,520	7,083	191,404
Security of persons and property	-	-	-	816	441,325
Community environment	-	-	-	-	4,949
Transportation	-	359,197	-	49,181	408,378
Other purposes	-	-	-	25,215	25,215
Total restricted	14	359,197	28,520	161,912	1,150,888
Committed:					
Transportation	-	-	-	194,121	194,121
Debt service	-	-	-	15,442	15,442
Capital improvements	-	-	-	58,910	58,910
Total committed	-	-	-	268,473	268,473
Assigned:					
General government	-	-	-	-	5,144
Security of persons and property	-	-	-	-	200
Community environment	-	-	-	-	-
Subsequent year appropriation	-	-	-	-	118,875
Total assigned	-	-	-	-	124,219
Unassigned	-	-	-	(7,878)	537,179
Total fund balances	\$ 14	\$ 368,558	\$ 28,520	\$ 424,051	\$ 2,109,309

VILLAGE OF CARLISLE, OHIO

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

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</u> <u>Encumbrances</u>
General fund	\$ 5,344
Road	103,272
Fire	7,678
Timber Ridge	73,290
Police services	1,220
Nonmajor governmental funds	<u>383,542</u>
Total	<u>\$ 574,346</u>

NOTE 18 - CONTINGENCIES

A. Grants

The Village receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Village at December 31, 2014.

B. Litigation

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



Dave Yost • Auditor of State

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

Village of Carlisle
Warren County
760 W. 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, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 15, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 findings that we consider a material weakness. We consider finding 2014-001 to be a material weakness.

Compliance and Other Matters

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

Entity's Response to Findings

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

December 15, 2015

VILLAGE OF CARLISLE
WARREN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014

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

FINDING NUMBER 2014-001

Material Weakness

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 Road Fund and the Eagle Ridge TIF Fund should be major in 2014 because total assets (Road Fund) or total liabilities (Eagle Ridge TIF Fund) met the 10% and 5% criteria mentioned above. However, the Village did not report these funds as major on its 2014 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 2014 financial statements to report the Road and Eagle Ridge TIF Funds as major funds.

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

Officials' Response:

We did not receive a response from Officials to this finding.

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VILLAGE OF CARLISLE

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 9, 2016