



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**CITY OF CARLISLE
WARREN COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**

OHIO AUDITOR OF STATE
KEITH FABER



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City Council
City of Carlisle
760 West Central Avenue
Carlisle, Ohio 45005

We have reviewed the *Independent Auditor's Report* of the City of Carlisle, Warren County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

November 21, 2023

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CITY OF CARLISLE, OHIO

BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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CITY OF CARLISLE, OHIO

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CITY OF CARLISLE, OHIO

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INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Carlisle**, Warren County, Ohio (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 City of Carlisle, Warren County, Ohio as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Road Department, Eagle Ridge TIF, Timber Ridge TIF, Police Services, and American Rescue Plan Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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

September 28, 2023

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

The management's discussion and analysis of the City of Carlisle's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the City'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 City's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- The total net position of the City increased \$1,298,943. Net position of governmental activities increased \$790,183 or 8.10% from 2021's net position and net position of business-type activities increased \$508,760 or 9.22% from 2021's net position.
- General revenues accounted for \$3,783,181 or 82.24% of total governmental activities revenue. Program specific revenues accounted for \$817,074 or 17.76% of total governmental activities revenue.
- The City had \$3,810,072 in expenses related to governmental activities; \$817,074 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$2,992,998 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$3,783,181.
- The general fund had revenues and other financing sources of \$1,856,495 in 2022. This represents an increase of \$262,080 from 2021. The expenditures and other financing uses of the general fund, which totaled \$1,461,796 in 2022, increased \$128,721 from 2021. The net increase in fund balance for the general fund was \$394,699 or 14.22%.
- The road department fund had revenues of \$401,680 in 2022. The expenditures of the road department fund totaled \$323,166 in 2022. The net increase in fund balance for the road department fund was \$78,514 or 9.49%.
- The Eagle Ridge TIF fund had revenues of \$520,175 in 2022. The expenditures of the Eagle Ridge TIF fund totaled \$375,281. The net increase in fund balance for the Eagle Ridge TIF fund was \$144,894 or 482.66%.
- The Timber Ridge TIF fund had revenues of \$768,274 in 2022. The expenditures and other financing sources of the Timber Ridge TIF fund totaled \$1,048,535. The net decrease in fund balance for the Timber Ridge TIF fund was \$280,261 or 112.17%.
- The police services fund had revenues and other financing sources of \$1,050,230 in 2022. The expenditures of the police services fund totaled \$892,251. The net increase in fund balance for the police services fund was \$157,979 or 29.47%.
- The American Rescue Plan Act (ARPA) fund had no revenues or expenditures in 2022. The ARPA fund had \$572,752 in unearned grant revenue. The ARPA fund will report revenue as expenditures are incurred.
- Net position for the business-type activities, which are made up of the sewer, water and refuse enterprise funds, increased in 2022 by \$508,760.
- In the general fund, the actual revenues and other financing sources came in \$464,966 higher than they were in the final budget and actual expenditures were \$184,419 less than the final budget.

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City 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 City as a whole, presenting both an aggregate view of the City'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 City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" 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 City's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City 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 City'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 City is divided into two distinct kinds of activities:

Governmental activities - Most of the City'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 City's sewer, water and refuse operations are reported here.

The City's statement of net position and statement of activities can be found on pages 18-20 of this report.

Reporting the City'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 City, 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 City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

CITY OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)**

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, road department fund, Eagle Ridge TIF fund, Timber Ridge TIF fund, police services fund, and the ARPA 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 21-33 of this report.

Proprietary Funds

The City 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 City uses enterprise funds to account for its sewer, water and refuse management functions. All of the City's enterprise funds are considered major funds. The basic proprietary fund financial statements can be found on pages 34-36 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the City's only fiduciary fund type. The fiduciary fund statements can be found on pages 37-38 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 39-83 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net other postemployment benefit (OPEB) liability. The required supplementary information can be found on pages 85-105 of this report.

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Government-Wide Financial Analysis

The table below provides a summary of the City's net position at December 31, 2022 and 2021.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<u>Assets</u>						
Current assets	\$ 8,551,089	\$ 7,319,889	\$ 5,531,192	\$ 5,005,484	\$ 14,082,281	\$ 12,325,373
Capital assets, net	5,598,180	6,003,409	1,203,334	1,310,987	6,801,514	7,314,396
Total assets	14,149,269	13,323,298	6,734,526	6,316,471	20,883,795	19,639,769
<u>Deferred outflows of resources</u>						
Pension	602,531	428,698	145,025	147,138	747,556	575,836
OPEB	124,826	174,214	9,742	59,354	134,568	233,568
Total deferred outflows of resources	727,357	602,912	154,767	206,492	882,124	809,404
<u>Liabilities</u>						
Current liabilities	1,099,765	583,763	78,197	47,918	1,177,962	631,681
Long-term liabilities:						
Due within one year	363,394	839,658	33,949	36,005	397,343	875,663
Net pension liability	1,257,390	1,460,010	246,739	493,185	1,504,129	1,953,195
Net OPEB liability	184,869	177,862	-	-	184,869	177,862
Other amounts	7,068	34,879	52,110	32,783	59,178	67,662
Total liabilities	2,912,486	3,096,172	410,995	609,891	3,323,481	3,706,063
<u>Deferred inflows of resources</u>						
Property taxes and PILOTs	693,927	641,159	-	-	693,927	641,159
Pension	580,109	244,466	351,616	213,896	931,725	458,362
OPEB	146,806	191,298	98,392	179,646	245,198	370,944
Total deferred inflows of resources	1,420,842	1,076,923	450,008	393,542	1,870,850	1,470,465
<u>Net Position</u>						
Net investment in capital asse	4,813,180	4,998,409	1,203,334	1,310,987	6,016,514	6,309,396
Restricted	2,760,024	2,478,534	-	-	2,760,024	2,478,534
Unrestricted	2,970,094	2,276,172	4,824,956	4,208,543	7,795,050	6,484,715
Total net position	\$ 10,543,298	\$ 9,753,115	\$ 6,028,290	\$ 5,519,530	\$ 16,571,588	\$ 15,272,645

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.*" The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, the net pension asset, and the net OPEB asset.

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2022, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$16,571,588. At year-end, net position was \$10,543,298 and \$6,028,290 for the governmental activities and the business-type activities, respectively.

CITY OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 32.57% of total assets. Capital assets include land, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investment in capital assets at December 31, 2022, was \$4,813,180 and \$1,203,334 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 City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Liabilities of the governmental activities decreased \$183,686 or 5.93% from 2021. Current liabilities of the governmental activities increased \$516,002 due to the unearned revenue from the ARPA fund. Long-term obligations of the governmental activities decreased \$699,688 or 27.85% as the City paid down its debt obligations as well as no reissue relating to the Timber Ridge TIF note. The City reports its proportionate share of OP&F OPEB liability.

Liabilities of the business-type activities decreased \$198,896 or 32.61% from 2021. Long-term obligations of the business-type activities decreased primarily due to a decrease in the City's net pension liability.

A portion of the City's net position, \$2,760,024, 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 \$2,970,094.

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CITY OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)**

The table below shows the changes in net position for 2022 and 2021.

	Governmental Activities 2022	Business-type Activities 2022	Governmental Activities 2021	Business-type Activities 2021	2022 Total	2021 Total
Revenues						
Program revenues:						
Charges for services	\$ 243,575	\$ 2,657,240	\$ 287,321	\$ 2,570,623	\$ 2,900,815	\$ 2,857,944
Operating grants and contributions	545,637	-	555,431	-	545,637	555,431
Capital grants and contributions	<u>27,862</u>	-	<u>16,726</u>	-	<u>27,862</u>	<u>16,726</u>
Total program revenues	<u>817,074</u>	<u>2,657,240</u>	<u>859,478</u>	<u>2,570,623</u>	<u>3,474,314</u>	<u>3,430,101</u>
General revenues:						
Property taxes	239,046	-	213,534	-	239,046	213,534
Income taxes	1,864,813	-	1,523,948	-	1,864,813	1,523,948
Unrestricted grants and entitlements	193,216	-	362,047	-	193,216	362,047
Payment in lieu of taxes	1,248,359	-	1,057,033	-	1,248,359	1,057,033
Investment earnings	73,958	-	46,352	-	73,958	46,352
Gain on sale of capital assets	-	-	-	7,100	-	7,100
Decrease in fair value of investments	(72,461)	-	(43,131)	-	(72,461)	(43,131)
Miscellaneous	<u>236,250</u>	-	<u>210,687</u>	-	<u>236,250</u>	<u>210,687</u>
Total general revenues	<u>3,783,181</u>	<u>-</u>	<u>3,370,470</u>	<u>7,100</u>	<u>3,783,181</u>	<u>3,377,570</u>
Total revenues	<u>4,600,255</u>	<u>2,657,240</u>	<u>4,229,948</u>	<u>2,577,723</u>	<u>7,257,495</u>	<u>6,807,671</u>
Expenses:						
General government	1,731,165	-	1,675,073	-	1,731,165	1,675,073
Security of persons and property	1,085,499	-	1,059,027	-	1,085,499	1,059,027
Public health and welfare	26,204	-	86,690	-	26,204	86,690
Transportation	646,285	-	478,436	-	646,285	478,436
Community environment	254,986	-	213,121	-	254,986	213,121
Leisure time activity	58,679	-	59,328	-	58,679	59,328
Interest and fiscal charges	7,254	-	24,473	-	7,254	24,473
Sewer	-	1,045,569	-	1,146,831	1,045,569	1,146,831
Refuse	-	599,951	-	443,405	599,951	443,405
Water	<u>-</u>	<u>502,960</u>	<u>-</u>	<u>460,309</u>	<u>502,960</u>	<u>460,309</u>
Total expenses	<u>3,810,072</u>	<u>2,148,480</u>	<u>3,596,148</u>	<u>2,050,545</u>	<u>5,958,552</u>	<u>5,646,693</u>
Change in net position	790,183	508,760	633,800	527,178	1,298,943	1,160,978
Net position at beginning of year	<u>9,753,115</u>	<u>5,519,530</u>	<u>9,119,315</u>	<u>4,992,352</u>	<u>15,272,645</u>	<u>14,111,667</u>
Net position at end of year	<u>\$ 10,543,298</u>	<u>\$ 6,028,290</u>	<u>\$ 9,753,115</u>	<u>\$ 5,519,530</u>	<u>\$ 16,571,588</u>	<u>\$ 15,272,645</u>

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Governmental Activities

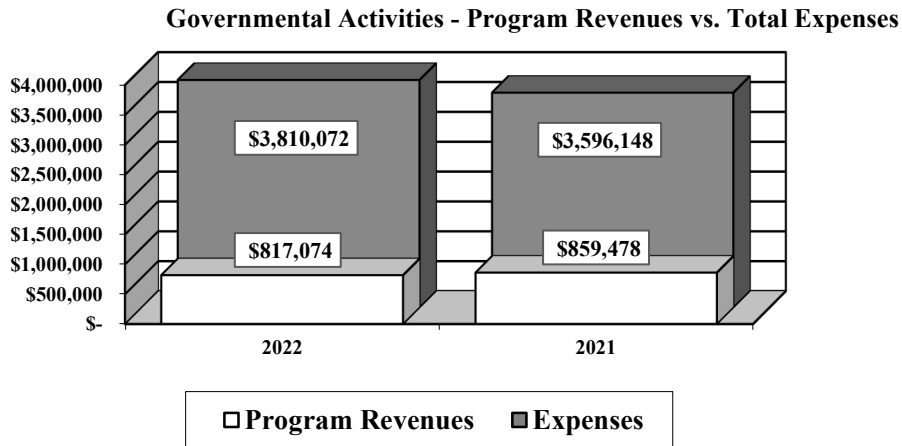
Governmental activities net position increased \$790,183 in 2022.

Transportation expenses totaled \$646,285 or 16.96% of the total governmental expenses of the City. Security of persons and property which primarily supports the operation of police and fire services accounted for \$1,085,499 or 28.49% of the total governmental expenses of the City. General government expenses totaled \$1,731,165. General government expenses were partially funded by \$95,132 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$545,637 in operating grants and contributions and capital grants and contributions of \$27,862. These revenues are restricted to a particular program or purpose.

General revenues totaled \$3,783,181 and amounted to 82.24% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$2,103,859. 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 \$193,216 and payments in lieu of taxes of \$1,248,359.

As can be seen in the graph below, the City 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 2022.



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

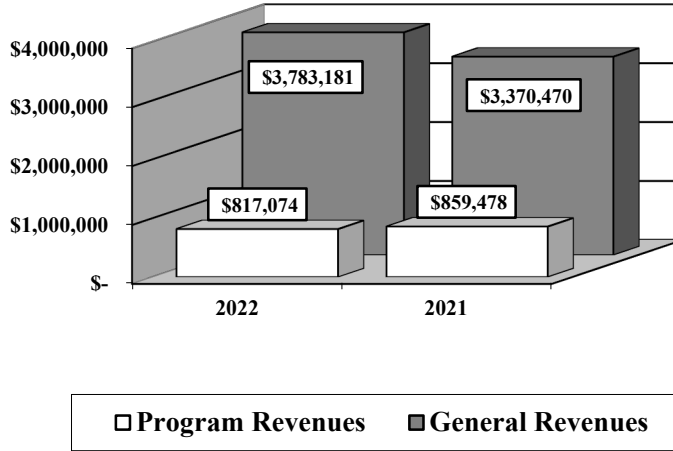
	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2022	2022	2021	2021
Program expenses:				
General government	\$ 1,731,165	\$ 1,636,033	\$ 1,675,073	\$ 1,568,718
Security of persons and property	1,085,499	1,085,267	1,059,027	1,042,968
Public health and welfare	26,204	26,204	86,690	86,690
Transportation	646,285	100,880	478,436	(60,936)
Community environment	254,986	78,681	213,121	18,184
Leisure time activity	58,679	58,679	59,328	59,328
Interest and fiscal charges	7,254	7,254	24,473	21,718
Total	<u>\$ 3,810,072</u>	<u>\$ 2,992,998</u>	<u>\$ 3,596,148</u>	<u>\$ 2,736,670</u>

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

The dependence upon general revenues for governmental activities is apparent, with 78.55% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2022 and 2021.

Governmental Activities - General and Program Revenues

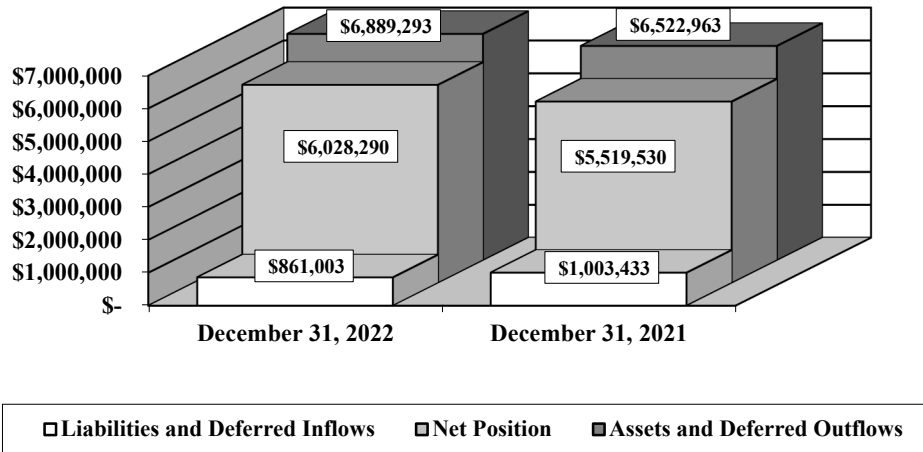


Business-Type Activities

Business-type activities include the sewer, water and refuse enterprise funds. These programs had program revenues of \$2,657,240 and expenses of \$2,148,480 for 2022.

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

Net Position in Business – Type Activities



CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on pages 21-22) reported a combined fund balance of \$6,205,698 which is \$691,923 higher than last year's balance of \$5,513,775.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2022 and 2021 for all major and non-major governmental funds.

	<u>Fund Balances</u> <u>12/31/22</u>	<u>Fund Balances</u> <u>12/31/21</u>	<u>Change</u>
Major funds:			
General	\$ 3,170,514	\$ 2,775,815	\$ 394,699
Road Department	905,482	826,968	78,514
Eagle Ridge TIF	174,914	30,020	144,894
Timber Ridge TIF	(30,411)	249,850	(280,261)
Police Services	693,974	535,995	157,979
Other nonmajor governmental funds	<u>1,291,225</u>	<u>1,095,127</u>	<u>196,098</u>
Total	<u>\$ 6,205,698</u>	<u>\$ 5,513,775</u>	<u>\$ 691,923</u>

General Fund

The City's general fund balance increased \$394,699. The table that follows assists in illustrating the revenues of the general fund.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 1,337,926	\$ 1,058,516	26.40 %
Licenses and permits	148,443	178,211	(16.70) %
Fines and forfeitures	37,240	49,554	(24.85) %
Intergovernmental	86,682	74,334	16.61 %
Special assessments	56,510	53,785	5.07 %
Investment income	44,763	43,103	3.85 %
Decrease in fair value of investments	(72,461)	(43,131)	68.00 %
Other	<u>217,318</u>	<u>180,043</u>	20.70 %
Total	<u>\$ 1,856,421</u>	<u>\$ 1,594,415</u>	16.43 %

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Tax revenue represents 72.07% of all general fund revenue. Tax revenue increased 26.40% from the prior year primarily due to an increase in income tax collections. Other revenues increased \$37,275 due primarily to an increase in refunds and other miscellaneous revenues received during 2022. During 2022 there was a decrease in fair value of investments of \$72,461. Licenses and permits decreased \$29,768 due primarily to a decrease in permit revenues during 2022. Fines and forfeitures decreased \$12,314 due primarily to a decrease in court revenues during 2022. Intergovernmental revenues increased \$12,348 due primarily to less grants money during 2022.

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

	<u>2022</u>	<u>2021</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
General government	\$ 634,624	\$ 734,257	(13.57) %
Security of persons and property	-	3,424	(100.00) %
Community environment	244,729	191,302	27.93 %
Leisure time activity	<u>53,443</u>	<u>54,092</u>	(1.20) %
Total	<u>\$ 932,796</u>	<u>\$ 983,075</u>	(5.11) %

The City decreased total expenditures by 5.11%. General government expenditures decreased \$99,633 or 13.57% mostly due to a decrease in contractual service expenditures. Security of persons and property expenditures decreased \$3,424 due primarily to a decrease in police salary and benefit expenditures as a result of the City using Coronavirus Relief monies to pay for police wages and benefits. Community environment expenditures increased \$53,427 primarily due to an increase in consulting service charges. Leisure time activities expenditures decreased \$649 due to a decrease in operating supplies expenditures.

Road Department Fund

The road department fund had revenues of \$401,680 in 2022. The expenditures of the road department fund totaled \$323,166 in 2022. The net increase in fund balance for the road department fund was \$78,514 or 9.49%.

Eagle Ridge TIF Fund

The Eagle Ridge TIF fund had revenues of \$520,175 in 2022. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled \$375,281 in 2022. The net increase in fund balance for the Eagle Ridge TIF fund was \$144,894 or 482.66%.

Timber Ridge TIF Fund

The Timber Ridge TIF fund had revenues of \$768,274 in 2022. The expenditures and other financing uses of the Timber Ridge TIF fund totaled \$1,048,535 in 2022. The net decrease in fund balance for the Timber Ridge TIF fund was \$280,261 or 112.17%.

Police Services Fund

The police services fund had revenues and other financing sources of \$1,050,230 in 2022. The expenditures of the police services fund totaled \$892,251 in 2022. The net increase in fund balance for the police services fund was \$157,979 or 29.47%.

ARPA Fund

The ARPA fund had no revenues or expenditures in 2022. The ARPA fund had \$572,752 in unearned grant revenue. The ARPA fund will report revenue as expenditures are incurred.

Other Governmental Funds

The other governmental funds had revenues and other financing sources of \$981,721 in 2022. The expenditures and other financing uses of the other governmental funds totaled \$785,623 in 2022. The net increase in fund balance for the other governmental funds was \$196,098.

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

Budgeting Highlights – General Fund

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

In the general fund, the original budgeted revenues and other financing sources were \$1,377,127 and final budgeted revenues and other financing sources were \$1,377,127. Actual revenues and other financing sources of \$1,842,093 were more than final budgeted revenues by \$464,966. Final budgeted expenditures and other financing uses were \$143,200 higher than original budgeted expenditures and other financing uses. Actual expenditures and other financing uses of \$1,544,887 were \$184,419 lower than the final budgeted amounts, primarily due to expenditures for general government and community environment being less than budgeted.

Proprietary Funds

The City'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 City has three major enterprise funds: the sewer fund, water fund, and refuse fund.

Sewer Fund

The sewer fund had operating revenues of \$1,443,156 in 2022. The operating expenses of the sewer fund totaled \$1,045,569 in 2022. The net increase in net position for the sewer fund was \$397,587 or 11.06%.

Water Fund

The water fund had operating revenues of \$687,151 in 2022. The operating expenses of the water fund totaled \$599,951 in 2022. The net increase in net position for the water fund was \$87,200 or 5.98%.

Refuse Fund

The refuse fund had operating revenues of \$526,933 in 2022. The operating expenses of the refuse fund totaled \$502,960 in 2022. The net increase in net position for the refuse fund was \$23,973 or 5.15%.

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the City had \$6,801,514 (net of accumulated depreciation) invested in land, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$5,598,180 was reported in governmental activities and \$1,203,334 was reported in business-type activities. See Note 9 for further description of capital assets.

CITY OF CARLISLE, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

The following table shows December 31, 2022 balances compared to December 31, 2021:

**Capital Assets at December 31, 2021
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 906,888	\$ 1,032,568	\$ -	\$ -	\$ 906,888	\$ 1,032,568
Buildings and improvements	529,467	554,386	-	-	529,467	554,386
Furniture and equipment	206,161	188,702	72,495	28,851	278,656	217,553
Vehicles	237,189	254,725	62,610	18,607	299,799	273,332
Infrastructure	<u>3,718,475</u>	<u>3,973,028</u>	<u>1,068,229</u>	<u>1,263,529</u>	<u>4,786,704</u>	<u>5,236,557</u>
Totals	<u>\$ 5,598,180</u>	<u>\$ 6,003,409</u>	<u>\$ 1,203,334</u>	<u>\$ 1,310,987</u>	<u>\$ 6,801,514</u>	<u>\$ 7,314,396</u>

The City’s infrastructure is the largest capital asset category. The net book value of the City’s infrastructure represents approximately 66.42% of the City’s total governmental capital assets.

The City’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 City’s infrastructure (cost less accumulated depreciation) represents approximately 88.77% of the City’s total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2022 and 2021:

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
General obligation bonds	\$ 35,000	\$ 65,000
General obligation notes	<u>280,000</u>	<u>755,000</u>
Total long-term obligations	<u>\$ 315,000</u>	<u>\$ 820,000</u>

The decrease in general obligation notes is primarily due to the reclassification of short-term notes from long-term obligations to short-term liabilities in 2022 (see Note 19). Further detail on the City’s long-term obligations can be found in Note 11 to the financial statements.

Economic Conditions and Outlook

Located in the northernmost corner of Warren County and spreading into southern Montgomery County, Carlisle is a community with over 5,000 residents. It is conveniently located within driving distance of two major cities – Cincinnati (approx. 30 mi. south) and Dayton (approx. 15 mi. north). The area is served by both state and U.S. highways. State Route 123 travels through the heart of Carlisle with State Routes 4 and 73 being located just outside its borders and Interstate Route 75 is just three miles from the downtown area. Carlisle’s early growth stemmed from the still active railroad community. This combination of geographical location and transportation convenience makes Carlisle an attractive site for both families and business alike. The 2010 census indicated that Carlisle had a population of 4,915 thus reverting to “village” status. However, the 2022 Census data shows a total population of 5,609 thus moving Carlisle back to “city” status.

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

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

Despite the uncertainty surrounding the economy due to the COVID19 Pandemic and supply chain issues, the Municipality continues to carefully monitor two primary sources of revenue—local income taxes and shared intergovernmental (state) revenue. In order to stabilize the impact of the fluctuations in these revenue sources, Council continues to pursue economic development and job creation; maintain the community's reputation for high public safety standards; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2022 budget, the Municipality utilizes a basic incremental philosophy to submit a budget to Council that balances the operational and capital needs with the available resources. Local income tax collections for 2022 are projected to be similar to income tax collections for 2021.

The Municipality continues to struggle to find ways to offset the previous funding reductions at both the State and Federal level as well as general downsizing/rightsizing in overall industry. However, the number of new residential housing has continued to increase in 2022 as compared to 2021 indicating the continuing economic recovery for the area. The total assessed valuation of the municipality is \$109,584,080, an increase over TY2021's assessed valuation of \$107,249,630. The Municipality continues to prepare itself financially for future lean revenue years with minimal disruption in local services. The Municipality continues to rely heavily on shared-services and reliance on the enterprise funds for cost allocation. A truer cost allocation of services would better align Municipal departments. Council and staff will continue to discuss other economic options in FY2022 to determine options to help insure the long-term financial stability of the city.

These economic factors were considered in preparing the Municipality's budget for fiscal year 2022. Budgeted revenues and other financing sources in the General Fund for fiscal year 2022 budget are \$1,389,610. The Municipality will continue conservative budgeting practices and will continue to look at long-term budget forecasts to make adequate plans to maintain solvency.

Contacting the City's Financial Management

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

CITY OF CARLISLE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 6,769,979	\$ 5,287,796	\$ 12,057,775
Receivables (net of allowances for uncollectibles):			
Income taxes	564,142	-	564,142
Property and other taxes	241,650	-	241,650
Payment in lieu of taxes	460,710	-	460,710
Accounts	19,584	124,197	143,781
Accrued interest	30,429	-	30,429
Special assessments	1,399	22,028	23,427
Due from other governments	336,434	82	336,516
Materials and supplies inventory	41,429	4,021	45,450
Prepayments	12,474	4,805	17,279
Net OPEB asset (See Note 14)	72,277	87,557	159,834
Net pension asset (See Note 13)	582	706	1,288
Capital assets:			
Nondepreciable capital assets	906,888	-	906,888
Depreciable capital assets, net	4,691,292	1,203,334	5,894,626
Total capital assets, net	<u>5,598,180</u>	<u>1,203,334</u>	<u>6,801,514</u>
Total assets	<u>14,149,269</u>	<u>6,734,526</u>	<u>20,883,795</u>
Deferred outflows of resources:			
Pension (See Note 13)	602,531	145,025	747,556
OPEB (See Note 14)	124,826	9,742	134,568
Total deferred outflows of resources	<u>727,357</u>	<u>154,767</u>	<u>882,124</u>
Total assets and deferred outflows of resources	<u>14,876,626</u>	<u>6,889,293</u>	<u>21,765,919</u>
Liabilities:			
Accounts payable	6	5	11
Accrued wages and benefits payable	15,356	7,222	22,578
Due to other governments	21,390	70,970	92,360
Accrued interest payable	15,261	-	15,261
Notes payable	475,000	-	475,000
Unearned revenue	572,752	-	572,752
Long-term liabilities:			
Due within one year	363,394	33,949	397,343
Due in more than one year:			
Net pension liability (See Note 13)	1,257,390	246,739	1,504,129
Net OPEB liability (See Note 14)	184,869	-	184,869
Other amounts due in more than one year	7,068	52,110	59,178
Total liabilities	<u>2,912,486</u>	<u>410,995</u>	<u>3,323,481</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	233,217	-	233,217
Payments in lieu of taxes levied for the next fiscal year	460,710	-	460,710
Pension (See Note 13)	580,109	351,616	931,725
OPEB (See Note 14)	146,806	98,392	245,198
Total deferred inflows of resources	<u>1,420,842</u>	<u>450,008</u>	<u>1,870,850</u>
Total liabilities and deferred inflows of resources	<u>4,333,328</u>	<u>861,003</u>	<u>5,194,331</u>
Net position:			
Net investment in capital assets	4,813,180	1,203,334	6,016,514
Restricted for:			
Capital projects	122,353	-	122,353
Transportation projects	1,023,891	-	1,023,891
Public safety	1,587,104	-	1,587,104
Other purposes	26,676	-	26,676
Unrestricted	<u>2,970,094</u>	<u>4,824,956</u>	<u>7,795,050</u>
Total net position	<u>\$ 10,543,298</u>	<u>\$ 6,028,290</u>	<u>\$ 16,571,588</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,731,165	\$ 95,132	\$ -	\$ -
Security of persons and property	1,085,499	-	232	-
Public health and welfare	26,204	-	-	-
Transportation	646,285	-	545,405	-
Community environment	254,986	148,443	-	27,862
Leisure time activity	58,679	-	-	-
Interest and fiscal charges	7,254	-	-	-
Total governmental activities	3,810,072	243,575	545,637	27,862
Business-type activities:				
Sewer	1,045,569	1,443,156	-	-
Water	599,951	687,151	-	-
Refuse	502,960	526,933	-	-
Total business-type activities	2,148,480	2,657,240	-	-
Total primary government	\$ 5,958,552	\$ 2,900,815	\$ 545,637	\$ 27,862

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

Decrease in fair value of investments

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (1,636,033)	\$ -	\$ (1,636,033)
(1,085,267)	-	(1,085,267)
(26,204)	-	(26,204)
(100,880)	-	(100,880)
(78,681)	-	(78,681)
(58,679)	-	(58,679)
(7,254)	-	(7,254)
(2,992,998)	-	(2,992,998)
-	397,587	397,587
-	87,200	87,200
-	23,973	23,973
-	508,760	508,760
(2,992,998)	508,760	(2,484,238)
99,537	-	99,537
139,509	-	139,509
1,243,282	-	1,243,282
621,531	-	621,531
193,216	-	193,216
1,248,359	-	1,248,359
73,958	-	73,958
(72,461)	-	(72,461)
236,250	-	236,250
3,783,181	-	3,783,181
790,183	508,760	1,298,943
9,753,115	5,519,530	15,272,645
\$ 10,543,298	\$ 6,028,290	\$ 16,571,588

CITY OF CARLISLE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Road Department	Eagle Ridge TIF	Timber Ridge TIF
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,829,599	\$ 810,215	\$ 174,914	\$ 357,474
Receivables:				
Income taxes	376,095	-	-	-
Property and other taxes	96,288	-	-	-
Payment in lieu of taxes	-	-	169,136	257,236
Accounts	19,473	-	-	-
Special assessments	1,399	-	-	-
Interfund loans	70,000	-	-	-
Accrued interest	30,429	-	-	-
Due from other governments	25,805	181,484	35,307	47,906
Materials and supplies inventory	4,518	35,069	-	-
Prepayments	4,063	626	-	-
Total assets	<u>\$ 3,457,669</u>	<u>\$ 1,027,394</u>	<u>\$ 379,357</u>	<u>\$ 662,616</u>
Liabilities:				
Accounts payable	\$ 4	\$ 1	\$ -	\$ -
Accrued wages and benefits	2,637	1,189	-	-
Due to other governments	8,219	1,330	-	-
Interfund loans payable	-	-	-	-
Notes payable	-	-	-	380,000
Accrued interest payable	-	-	-	7,885
Unearned revenue	-	-	-	-
Total liabilities	<u>10,860</u>	<u>2,520</u>	<u>-</u>	<u>387,885</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	93,130	-	-	-
Payments in lieu of taxes levied for the next fiscal year	-	-	169,136	257,236
Delinquent property tax revenue not available	3,158	-	-	-
Special assessments revenue not available	1,399	-	-	-
Accrued interest not available	26,088	-	-	-
Income tax revenue not available	138,747	-	-	-
Intergovernmental revenue not available	13,773	119,392	35,307	47,906
Total deferred inflows of resources	<u>276,295</u>	<u>119,392</u>	<u>204,443</u>	<u>305,142</u>
Total liabilities and deferred inflows of resources.	<u>287,155</u>	<u>121,912</u>	<u>204,443</u>	<u>693,027</u>
Fund balances:				
Nonspendable	8,581	35,695	-	-
Restricted	-	869,787	174,914	-
Committed	-	-	-	-
Assigned	1,084,478	-	-	-
Unassigned (deficit)	2,077,455	-	-	(30,411)
Total fund balances	<u>3,170,514</u>	<u>905,482</u>	<u>174,914</u>	<u>(30,411)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,457,669</u>	<u>\$ 1,027,394</u>	<u>\$ 379,357</u>	<u>\$ 662,616</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Police Services	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
\$ 590,980	\$ 572,752	\$ 1,434,045	\$ 6,769,979
188,047	-	-	564,142
-	-	145,362	241,650
-	-	34,338	460,710
-	-	111	19,584
-	-	-	1,399
-	-	-	70,000
-	-	-	30,429
93	-	45,839	336,434
-	-	1,842	41,429
7,095	-	690	12,474
<u>\$ 786,215</u>	<u>\$ 572,752</u>	<u>\$ 1,662,227</u>	<u>\$ 8,548,230</u>
\$ 1	\$ -	\$ -	6
11,530	-	-	15,356
11,337	-	504	21,390
-	-	70,000	70,000
-	-	95,000	475,000
-	-	1,869	9,754
-	572,752	-	572,752
<u>22,868</u>	<u>572,752</u>	<u>167,373</u>	<u>1,164,258</u>
-	-	140,087	233,217
-	-	34,338	460,710
-	-	5,275	8,433
-	-	-	1,399
-	-	-	26,088
69,373	-	-	208,120
-	-	23,929	240,307
<u>69,373</u>	<u>-</u>	<u>203,629</u>	<u>1,178,274</u>
<u>92,241</u>	<u>572,752</u>	<u>371,002</u>	<u>2,342,532</u>
7,095	-	2,532	53,903
686,879	-	1,013,533	2,745,113
-	-	425,918	425,918
-	-	-	1,084,478
-	-	(150,758)	1,896,286
<u>693,974</u>	<u>-</u>	<u>1,291,225</u>	<u>6,205,698</u>
<u>\$ 786,215</u>	<u>\$ 572,752</u>	<u>\$ 1,662,227</u>	<u>\$ 8,548,230</u>

CITY OF CARLISLE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Total governmental fund balances		\$	6,205,698
<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.			5,598,180
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	208,120	
Property taxes receivable		8,433	
Accrued interest receivable		26,088	
Special assessments receivable		1,399	
Intergovernmental receivable		240,307	
Total			484,347
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		(5,507)	
General obligation bonds		(35,000)	
General obligation notes		(280,000)	
Compensated absences		(55,462)	
			(375,969)
The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability, and related deferred inflows/outflows are not reported in governmental funds.			
Net pension asset		582	
Deferred outflows		602,531	
Deferred inflows		(580,109)	
Net pension liability		(1,257,390)	
			(1,234,386)
The net OPEB asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability, and related deferred inflows/outflows are not reported in governmental funds.			
Net OPEB asset		72,277	
Deferred outflows of resources		124,826	
Deferred inflows of resources		(146,806)	
Net OPEB liability		(184,869)	
Total			(134,572)
Net position of governmental activities		\$	10,543,298

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General</u>	<u>Road Department</u>	<u>Eagle Ridge TIF</u>	<u>Timber Ridge TIF</u>
Revenues:				
Income taxes	\$ 1,238,815	\$ -	\$ -	\$ -
Property and other taxes	99,111	-	-	-
Licenses and permits	148,443	-	-	-
Fines and forfeitures	37,240	-	-	-
Intergovernmental	86,682	360,659	62,178	91,715
Special assessments	56,510	-	-	-
Investment income	44,763	3,910	-	-
Payment in lieu of taxes	-	-	457,997	676,559
Decrease in fair value of investments	(72,461)	-	-	-
Other	217,318	37,111	-	-
Total revenues	<u>1,856,421</u>	<u>401,680</u>	<u>520,175</u>	<u>768,274</u>
Expenditures:				
Current:				
General government	634,624	-	375,281	550,930
Security of persons and property	-	-	-	-
Public health and welfare	-	-	-	-
Transportation	-	292,613	-	-
Community environment	244,729	-	-	-
Leisure time activity	53,443	-	-	-
Capital outlay	-	-	-	12,713
Debt service:				
Principal retirement	-	27,750	-	380,000
Interest and fiscal charges	-	2,803	-	9,892
Total expenditures	<u>932,796</u>	<u>323,166</u>	<u>375,281</u>	<u>953,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>923,625</u>	<u>78,514</u>	<u>144,894</u>	<u>(185,261)</u>
Other financing sources (uses):				
Issuance of notes	-	-	-	-
Transfers in	74	-	-	-
Transfers (out)	(529,000)	-	-	(95,000)
Total other financing sources (uses)	<u>(528,926)</u>	<u>-</u>	<u>-</u>	<u>(95,000)</u>
Net change in fund balances	394,699	78,514	144,894	(280,261)
Fund balances at beginning of year	<u>2,775,815</u>	<u>826,968</u>	<u>30,020</u>	<u>249,850</u>
Fund balances at end of year	<u>\$ 3,170,514</u>	<u>\$ 905,482</u>	<u>\$ 174,914</u>	<u>\$ (30,411)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Police Services	Other Governmental Funds	Total Governmental Funds
\$ 619,298	\$ -	\$ 1,858,113
-	140,591	239,702
-	-	148,443
-	1,503	38,743
-	203,591	804,825
-	-	56,510
-	2,139	50,812
-	113,803	1,248,359
-	-	(72,461)
18,932	28,094	301,455
<u>638,230</u>	<u>489,721</u>	<u>4,674,501</u>
-	88,363	1,649,198
892,251	151,851	1,044,102
-	26,204	26,204
-	110,506	403,119
-	27,063	271,792
-	-	53,443
-	-	12,713
-	377,250	785,000
-	4,312	17,007
<u>892,251</u>	<u>785,549</u>	<u>4,262,578</u>
<u>(254,021)</u>	<u>(295,828)</u>	<u>411,923</u>
-	280,000	280,000
412,000	212,000	624,074
-	(74)	(624,074)
<u>412,000</u>	<u>491,926</u>	<u>280,000</u>
157,979	196,098	691,923
535,995	1,095,127	5,513,775
<u>\$ 693,974</u>	<u>\$ 1,291,225</u>	<u>\$ 6,205,698</u>

CITY 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, 2022

Net change in fund balances - total governmental funds	\$	691,923
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		
Capital asset additions	\$ 98,461	
Current year depreciation	<u>(378,010)</u>	
Total		(279,549)
The effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(125,680)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	6,700	
Property taxes	(656)	
Special assessments	(121)	
Investment income	23,146	
Intergovernmental revenues	<u>(103,315)</u>	
Total		(74,246)
The issuance of notes provides current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net position.		
		(280,000)
Repayment of bond and note proceeds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		785,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		9,753
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.		
		(925)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	176,465	
OPEB	<u>3,667</u>	
Total		180,132
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB /assetliability are reported as pension/OPEB expense in the statement of activities.		
Pension	(135,585)	
OPEB	<u>19,360</u>	
Total		<u>(116,225)</u>
Change in net position of governmental activities	\$	<u><u>790,183</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY 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, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 860,734	\$ 860,734	\$ 1,151,346	\$ 290,612
Property and other taxes	74,094	74,094	99,111	25,017
Licenses and permits	110,780	110,780	148,183	37,403
Fines and forfeitures	30,128	30,128	40,300	10,172
Intergovernmental	63,475	63,475	84,907	21,432
Special assessments	42,246	42,246	56,510	14,264
Investment income	33,096	33,096	44,271	11,175
Other	68,562	68,562	91,711	23,149
Total revenues	<u>1,283,115</u>	<u>1,283,115</u>	<u>1,716,339</u>	<u>433,224</u>
Expenditures:				
Current:				
General government	771,109	911,110	664,434	246,676
Community environment	342,387	345,586	297,793	47,793
Leisure time activity	60,610	60,610	53,660	6,950
Total expenditures	<u>1,174,106</u>	<u>1,317,306</u>	<u>1,015,887</u>	<u>301,419</u>
Excess (deficiency) of revenues over (under) expenditures	109,009	(34,191)	700,452	734,643
Other financing uses:				
Sale of capital assets	93,957	93,957	125,680	31,723
Transfers in	55	55	74	19
Transfers (out)	(412,000)	(412,000)	(529,000)	(117,000)
Total other financing uses	<u>(317,988)</u>	<u>(317,988)</u>	<u>(403,246)</u>	<u>(85,258)</u>
Net change in fund balance	(208,979)	(352,179)	297,206	649,385
Fund balance at beginning of year	2,445,623	2,445,623	2,445,623	-
Prior year encumbrances appropriated	99,891	99,891	99,891	-
Fund balance at end of year	<u>\$ 2,336,535</u>	<u>\$ 2,193,335</u>	<u>\$ 2,842,720</u>	<u>\$ 649,385</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ROAD DEPARTMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 310,103	\$ 310,103	\$ 358,314	\$ 48,211
Investment income	3,384	3,384	3,910	526
Other	1,518	1,518	1,754	236
Total revenues	<u>315,005</u>	<u>315,005</u>	<u>363,978</u>	<u>48,973</u>
Expenditures:				
Current:				
Transportation	453,755	457,565	336,767	120,798
Debt service:				
Principal retirement	37,390	37,704	27,750	9,954
Interest and fiscal charges	3,777	3,808	2,803	1,005
Total expenditures	<u>494,922</u>	<u>499,077</u>	<u>367,320</u>	<u>131,757</u>
Excess of revenues under expenditures	(179,917)	(184,072)	(3,342)	180,730
Other financing sources:				
Sale of capital assets	30,607	30,607	35,366	4,759
Net change in fund balance	(149,310)	(153,465)	32,024	185,489
Fund balance at beginning of year	737,267	737,267	737,267	-
Prior year encumbrances appropriated	9,318	9,318	9,318	-
Fund balance at end of year	<u>\$ 597,275</u>	<u>\$ 593,120</u>	<u>\$ 778,609</u>	<u>\$ 185,489</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EAGLE RIDGE TIF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 47,462	\$ 47,462	\$ 62,178	\$ 14,716
Payment in lieu of taxes	349,603	349,603	457,997	108,394
Total revenues	<u>397,065</u>	<u>397,065</u>	<u>520,175</u>	<u>123,110</u>
Expenditures:				
Current:				
General government	<u>299,741</u>	<u>375,741</u>	<u>375,282</u>	<u>459</u>
Net change in fund balance	97,324	21,324	144,893	123,569
Fund balance at beginning of year	<u>30,020</u>	<u>30,020</u>	<u>30,020</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 127,344</u>	<u>\$ 51,344</u>	<u>\$ 174,913</u>	<u>\$ 123,569</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY 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, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 94,628	\$ 94,628	\$ 91,715	\$ (2,913)
Payment in lieu of taxes	698,050	698,050	676,559	(21,491)
Total revenues	<u>792,678</u>	<u>792,678</u>	<u>768,274</u>	<u>(24,404)</u>
Expenditures:				
Current:				
General government	526,929	552,048	550,930	1,118
Capital outlay	12,159	12,739	12,713	26
Debt service:				
Principal retirement	454,308	475,965	475,000	965
Interest and fiscal charges	<u>6,569</u>	<u>6,882</u>	<u>6,868</u>	<u>14</u>
Total expenditures	<u>999,965</u>	<u>1,047,634</u>	<u>1,045,511</u>	<u>2,123</u>
Excess of revenues under expenditures	(207,287)	(254,956)	(277,237)	(22,281)
Other financing sources (uses):				
Note issuance	392,071	392,071	380,000	(12,071)
Transfers (out)	<u>(90,862)</u>	<u>(95,193)</u>	<u>(95,000)</u>	<u>193</u>
Total other financing sources (uses)	<u>301,209</u>	<u>296,878</u>	<u>285,000</u>	<u>(11,878)</u>
Net change in fund balance	93,922	41,922	7,763	(34,159)
Fund balance at beginning of year	<u>349,711</u>	<u>349,711</u>	<u>349,711</u>	<u>-</u>
Fund balance at end of year	<u>\$ 443,633</u>	<u>\$ 391,633</u>	<u>\$ 357,474</u>	<u>\$ (34,159)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 518,667	\$ 518,667	\$ 575,564	\$ 56,897
Other	12,065	12,065	13,388	1,323
Total revenues	<u>530,732</u>	<u>530,732</u>	<u>588,952</u>	<u>58,220</u>
Expenditures:				
Current:				
Security of persons and property	<u>1,033,278</u>	<u>1,073,778</u>	<u>943,121</u>	<u>130,657</u>
Excess (deficiency) of revenues over (under) expenditures	(502,546)	(543,046)	(354,169)	188,877
Other financing sources:				
Sale of capital assets	5,046	5,046	5,600	554
Transfers in	<u>371,272</u>	<u>371,272</u>	<u>412,000</u>	<u>40,728</u>
Total other financing sources	<u>376,318</u>	<u>376,318</u>	<u>417,600</u>	<u>41,282</u>
Net change in fund balance	(126,228)	(166,728)	63,431	230,159
Fund balance at beginning of year	448,993	448,993	448,993	-
Prior year encumbrances appropriated	<u>18,568</u>	<u>18,568</u>	<u>18,568</u>	<u>-</u>
Fund balance at end of year	<u>\$ 341,333</u>	<u>\$ 300,833</u>	<u>\$ 530,992</u>	<u>\$ 230,159</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 AMERICAN RESCUE PLAN FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 285,237	\$ 285,237	\$ 287,515	\$ 2,278
Total revenues	285,237	285,237	287,515	2,278
Expenditures:				
Current:				
General government	570,474	570,474	-	570,474
Total expenditures	570,474	570,474	-	570,474
Net change in fund balance	(285,237)	(285,237)	287,515	572,752
Fund balance at beginning of year	285,237	285,237	285,237	-
Fund balance at end of year	\$ -	\$ -	\$ 572,752	\$ 572,752

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 3,579,662	\$ 1,140,955	\$ 567,179	\$ 5,287,796
Receivables (net of allowance for uncollectibles):				
Accounts	84,766	39,431	-	124,197
Special assessments	19,570	-	2,458	22,028
Due from other governments	51	17	14	82
Materials and supplies inventory	1,046	2,880	95	4,021
Prepayments	2,431	1,769	605	4,805
Net pension asset (See Note 13)	449	134	123	706
Net OPEB asset (See Note 14)	55,686	16,580	15,291	87,557
Total current assets	<u>3,743,661</u>	<u>1,201,766</u>	<u>585,765</u>	<u>5,531,192</u>
Noncurrent assets:				
Capital assets:				
Total depreciable capital assets, net	<u>668,654</u>	<u>515,030</u>	<u>19,650</u>	<u>1,203,334</u>
Total capital assets, net	<u>668,654</u>	<u>515,030</u>	<u>19,650</u>	<u>1,203,334</u>
Total assets	<u>4,412,315</u>	<u>1,716,796</u>	<u>605,415</u>	<u>6,734,526</u>
Deferred outflows of resources:				
Pension (See Note 13)	87,792	31,175	26,058	145,025
OPEB (See Note 14)	3,074	4,473	2,195	9,742
Total deferred outflows of resources	<u>90,866</u>	<u>35,648</u>	<u>28,253</u>	<u>154,767</u>
Liabilities:				
Current liabilities:				
Accounts payable	3	1	1	5
Accrued wages and benefits	4,741	1,297	1,184	7,222
Compensated absences	21,692	6,180	6,077	33,949
Due to other governments	5,056	64,659	1,255	70,970
Total current liabilities	<u>31,492</u>	<u>72,137</u>	<u>8,517</u>	<u>112,146</u>
Long-term liabilities:				
Compensated absences	33,388	7,873	10,849	52,110
Net pension liability (See Note 13)	156,925	46,724	43,090	246,739
Total long-term liabilities	<u>190,313</u>	<u>54,597</u>	<u>53,939</u>	<u>298,849</u>
Total liabilities	<u>221,805</u>	<u>126,734</u>	<u>62,456</u>	<u>410,995</u>
Deferred inflows of resources:				
Pension (See Note 13)	224,755	62,748	64,113	351,616
OPEB (See Note 14)	62,728	18,121	17,543	98,392
Total deferred inflows of resources	<u>287,483</u>	<u>80,869</u>	<u>81,656</u>	<u>450,008</u>
Net position:				
Net investment in capital assets	668,654	515,030	19,650	1,203,334
Unrestricted	3,325,239	1,029,811	469,906	4,824,956
Total net position	<u>\$ 3,993,893</u>	<u>\$ 1,544,841</u>	<u>\$ 489,556</u>	<u>\$ 6,028,290</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Refuse</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 1,366,839	\$ 655,940	\$ 525,010	\$ 2,547,789
Tap-in fees	62,477	18,489	-	80,966
Other	13,840	12,722	1,923	28,485
Total operating revenues	<u>1,443,156</u>	<u>687,151</u>	<u>526,933</u>	<u>2,657,240</u>
Operating expenses:				
Personal services	308,775	159,157	77,438	545,370
Contract services	566,043	370,542	422,354	1,358,939
Materials and supplies	6,731	13,053	201	19,985
Transportation	810	255	210	1,275
Depreciation	157,360	56,370	2,625	216,355
Other	5,850	574	132	6,556
Total operating expenses	<u>1,045,569</u>	<u>599,951</u>	<u>502,960</u>	<u>2,148,480</u>
Operating income	<u>397,587</u>	<u>87,200</u>	<u>23,973</u>	<u>508,760</u>
Change in net position	397,587	87,200	23,973	508,760
Net position at beginning of year	<u>3,596,306</u>	<u>1,457,641</u>	<u>465,583</u>	<u>5,519,530</u>
Net position at end of year	<u>\$ 3,993,893</u>	<u>\$ 1,544,841</u>	<u>\$ 489,556</u>	<u>\$ 6,028,290</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,424,776	\$ 669,547	\$ 525,262	\$ 2,619,585
Cash received from other operations	13,875	12,733	1,932	28,540
Cash payments for personal services	(411,308)	(137,495)	(110,122)	(658,925)
Cash payments for contractual services	(562,844)	(376,018)	(421,470)	(1,360,332)
Cash payments for materials and supplies	(6,947)	(14,801)	(199)	(21,947)
Cash payments for transportation	(810)	(255)	(210)	(1,275)
Cash payments for other expenses	(5,850)	(574)	(132)	(6,556)
Net cash provided by (used in) operating activities	<u>450,892</u>	<u>153,137</u>	<u>(4,939)</u>	<u>599,090</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(69,073)	(21,111)	(18,518)	(108,702)
Net cash used in capital and related financing activities	<u>(69,073)</u>	<u>(21,111)</u>	<u>(18,518)</u>	<u>(108,702)</u>
Net increase in cash and cash equivalents	381,819	132,026	(23,457)	490,388
Cash and cash equivalents at beginning of year	3,197,843	1,008,929	590,636	4,797,408
Cash and cash equivalents at end of year	<u>\$ 3,579,662</u>	<u>\$ 1,140,955</u>	<u>\$ 567,179</u>	<u>\$ 5,287,796</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 397,587	\$ 87,200	\$ 23,973	\$ 508,760
Adjustments:				
Depreciation	157,360	56,370	2,625	216,355
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
(Increase) in accounts receivable	(6,550)	(4,882)	-	(11,432)
Decrease in special assessments receivable	2,010	-	252	2,262
(Increase) decrease in materials and supplies inventory	(216)	(1,748)	2	(1,962)
Decrease in prepayments	3,199	860	884	4,943
(Increase) in due from other governments	(16)	(6)	(5)	(27)
Decrease in net pension asset	62	10	22	94
(Increase) in net OPEB asset	(18,410)	(6,073)	(4,715)	(29,198)
(Increase) decrease in deferred outflows of resources - pension	(2,464)	4,702	(125)	2,113
Decrease in deferred outflows of resources - OPEB	29,246	11,902	8,464	49,612
(Decrease) in accounts payable	(95)	(6,365)	(24)	(6,484)
(Decrease) in accrued wages and benefits	(556)	(203)	(295)	(1,054)
Increase (Decrease) in due to other governments	(144)	38,135	(174)	37,817
Increase in compensated absences payable	10,403	5,035	1,833	17,271
(Decrease) in net pension liability	(158,093)	(42,066)	(46,287)	(246,446)
Increase in deferred inflows of resources - pension	88,736	24,411	24,573	137,720
(Decrease) in deferred inflows of resources - OPEB	(51,167)	(14,145)	(15,942)	(81,254)
Net cash provided by (used in) operating activities	<u>\$ 450,892</u>	<u>\$ 153,137</u>	<u>\$ (4,939)</u>	<u>\$ 599,090</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF FIUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022

	<u>Custodial</u>
Assets:	
Cash in segregated accounts	\$ 4,362
Liabilities:	
Due to other governments	<u>4,362</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Custodial</u>
Additions:	
Fines and forfeitures for other governments	\$ 11,128
Deductions:	
Fines and forfeitures distributions to other governments	<u>11,128</u>
Net change in fiduciary net position	-
Net position beginning of year	<u>-</u>
Net position end of year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - DESCRIPTION OF THE CITY

The City of Carlisle, Warren County, Ohio (the “City”), 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 City is directed by a publicly elected Mayor and six-member Council. The City provides water and sewer utilities, park operations, police services and a planning and zoning department. The City provides fire services through its volunteer fire department.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City 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 City’s significant accounting policies are described below.

A. Reporting Entity

The City’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 City’s BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City 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 City. The City 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 City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s basic financial statements to be misleading or incomplete.

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

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

B. Basis of Presentation - Fund Accounting

The City’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 City 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 City that are governmental and those that are considered business-type activities.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. 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 City, 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 City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City 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 City 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 City's proprietary funds are charges for sales and services. Operating expenses for the enterprise fund include personnel and other expenses related to sewer, water and refuse operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Fund Accounting

The City 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 City's major governmental funds:

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

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

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

American Rescue Plan Fund - This fund is used to account for federal grants received to help offset the financial effects of the COVID-19 pandemic.

Other governmental funds of the City 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 City 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 City's major enterprise funds:

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

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City does not have any trust funds. The City's custodial fund accounts for revenues and expenses for other entities from the Mayor's Court.

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 City 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.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

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 City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds. Fiduciary funds are accounted for on a flow of economic resources measurement focus.

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 City, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the City 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 City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

F. Budgetary Data

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to January 1, the City 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 2022.

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

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

G. Cash and Cash Equivalents

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

The City has segregated bank accounts for monies held separate from the City'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 City treasury. There was no outstanding balance at December 31, 2022.

During 2022, investments were limited to Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, Federal Farm Credit Bureau (FFCB) securities, Federal Home Loan Bank (FHLB) securities, commercial paper, U.S. Treasury Notes, negotiable CDs, and U.S. Government Money Market Mutual Funds. Investments are reported at fair market value.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2022 amounted to \$44,763 which includes \$22,437 assigned from other City 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 City'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.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

I. Capital Assets

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

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

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’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 City 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 City 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 City 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. City 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.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

L. Interfund Activity

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

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

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

M. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2022, 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 City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless City 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 City 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 City 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 City 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 City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. During 2022, the City 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.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2022, the City has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB Implementation Guide 2019-3 did not have an effect on the financial statements of the City.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the City.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the City.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the City.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

B. Deficit Fund Balances

Fund balances at December 31, 2022 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
SR123/Reconstruction Phase IV	\$ 17,355
SR123/Reconstruction Phase V	32,105
SR123/Reconstruction Phase VI	25,763
SR123/Reconstruction Phase VII	5,541
SR123/Reconstruction Phase X	69,994
<u>Major fund</u>	
Timber Ridge TIF	30,411
	<u>\$ 181,169</u>

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the City 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.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

1. Bonds of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
2. Bonds of any municipal corporation, City, 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 City.

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all City deposits was \$5,998,976 and the bank balance of all City deposits was \$6,408,955. Of the bank balance, \$250,000 was covered by the FDIC and \$6,158,955 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the City's deposits were fully collateralized through participation in the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

As of December 31, 2022, the City had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
FFCB	\$ 730,617	\$ -	\$ -	\$ 123,284	\$ 195,926	\$ 411,407
FHLMC	355,968	-	-	-	-	355,968
FNMA	112,342	-	-	-	-	112,342
FHLB	892,412	-	73,926	246,332	186,235	385,919
Negotiable CD's	1,395,804	503,277	-	133,009	326,206	433,312
U.S. Government money market	11,627	11,627	-	-	-	-
Commercial Paper	1,869,968	1,869,968	-	-	-	-
U.S Treasury Notes	694,423	219,801	-	-	195,914	278,708
Total	\$ 6,063,161	\$ 2,604,673	\$ 73,926	\$ 502,625	\$ 904,281	\$ 1,977,656

The weighted average of maturity of investments is 1.23 years.

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The City's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investments in commercial paper were rated A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government Money Market Mutual Funds were rated AAAM by Standard & Poor's. Negotiable CDs are not rated but are fully insured by the FDIC. The City's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

Concentration of Credit Risk: The City's investment policy does not place specific limits on the percentage of the City's portfolio that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2022:

<u>Measurement/ Investment type</u>	<u>Measurement</u>	
	<u>Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
FFCB	\$ 730,617	12.05%
FHLMC	355,968	5.87%
FNMA	112,342	1.85%
FHLB	892,412	14.72%
Negotiable CD's	1,395,804	23.02%
U.S. Government money market	11,627	0.19%
Commercial Paper	1,869,968	30.84%
U.S Treasury Notes	<u>694,423</u>	<u>11.45%</u>
Total	<u>\$ 6,063,161</u>	<u>100.00%</u>

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, 2022:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,994,614
Investments	6,063,161
Cash in segregated accounts	<u>4,362</u>
Total	<u>\$ 12,062,137</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 6,769,979
Business type activities	5,287,796
Custodial funds	<u>4,362</u>
Total	<u>\$ 12,062,137</u>

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended December 31, 2022, consisted of the following, as reported on the fund financial statements:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General fund	Police services	\$ 412,000
General fund	Nonmajor governmental funds	117,000
Timber Ridge TIF fund	Nonmajor governmental funds	95,000
Nonmajor governmental funds	General fund	<u>74</u>
 Total		 <u>\$ 624,074</u>

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

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

- B. Interfund loans consisted of the following at December 31, 2022, as reported on the fund financial statements:

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

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

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. 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. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 6 - PROPERTY TAXES – (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Carlisle. The County Auditor periodically remits to the City 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, 2022 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 2022 operations and the collection of delinquent taxes has been offset by deferred inflows since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflows.

The full tax rate for all City operations for the year ended December 31, 2022 was \$2.92 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2022 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 90,185,160
Commercial/industrial/mineral	11,032,700

Public utility

Personal	<u>8,366,220</u>
Total assessed value	<u>\$ 109,584,080</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2022, consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services), accrued interest, special assessments, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2022.

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

Governmental activities:

Income taxes	\$ 564,142
Property and other taxes	241,650
Payment in lieu of taxes	460,710
Accounts	19,584
Accrued interest	30,429
Special assessments	1,399
Due from other governments	336,434

Business-type activities:

Accounts	124,197
Special assessments	22,028
Due from other governments	82

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.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - MUNICIPAL INCOME TAXES

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

The City'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 2022 was \$1,858,113 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, 2022, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/22</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,032,568	\$ -	\$ (125,680)	\$ 906,888
Total capital assets, not being depreciated	<u>1,032,568</u>	<u>-</u>	<u>(125,680)</u>	<u>906,888</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,331,225	-	-	1,331,225
Furniture and equipment	489,419	53,729	-	543,148
Vehicles	812,896	44,732	(54,537)	803,091
Infrastructure	<u>6,347,260</u>	<u>-</u>	<u>-</u>	<u>6,347,260</u>
Total capital assets, being depreciated	<u>8,980,800</u>	<u>98,461</u>	<u>(54,537)</u>	<u>9,024,724</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(776,839)	(24,919)	-	(801,758)
Furniture and equipment	(300,717)	(36,270)	-	(336,987)
Vehicles	(558,171)	(62,268)	54,537	(565,902)
Infrastructure	<u>(2,374,232)</u>	<u>(254,553)</u>	<u>-</u>	<u>(2,628,785)</u>
Total accumulated depreciation	<u>(4,009,959)</u>	<u>(378,010)</u>	<u>54,537</u>	<u>(4,333,432)</u>
Total capital assets, being depreciated, net	<u>4,970,841</u>	<u>(279,549)</u>	<u>-</u>	<u>4,691,292</u>
Governmental activities capital assets, net	<u>\$ 6,003,409</u>	<u>\$ (279,549)</u>	<u>\$ (125,680)</u>	<u>\$ 5,598,180</u>

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$	32,336
Security of persons and property		35,713
Community environment		2,124
Transportation		302,601
Leisure time activity		<u>5,236</u>
 Total depreciation expense - governmental activities	 \$	 <u>378,010</u>

B. Business-type activities

Capital asset activity for the business-type activities for the year ended December 31, 2022, was as follows:

	<u>Balance</u>		<u>Disposals</u>		<u>Balance</u>
	<u>12/31/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>Disposals</u>	<u>12/31/22</u>
<u>Business-type activities:</u>					
<i>Capital assets, being depreciated</i>					
Furniture and equipment	\$ 247,140	\$ 55,215	\$ -	\$ -	\$ 302,355
Vehicles	68,690	53,487	-	-	122,177
Infrastructure	<u>12,912,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,912,124</u>
Total capital assets, being depreciated	<u>13,227,954</u>	<u>108,702</u>	<u>-</u>	<u>-</u>	<u>13,336,656</u>
<i>Less: accumulated depreciation:</i>					
Furniture and equipment	(218,289)	(11,571)	-	-	(229,860)
Vehicles	(50,083)	(9,484)	-	-	(59,567)
Infrastructure	<u>(11,648,595)</u>	<u>(195,300)</u>	<u>-</u>	<u>-</u>	<u>(11,843,895)</u>
Total accumulated depreciation	<u>(11,916,967)</u>	<u>(216,355)</u>	<u>-</u>	<u>-</u>	<u>(12,133,322)</u>
Business-type activities capital assets, net	<u>\$ 1,310,987</u>	<u>\$ (107,653)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,203,334</u>

Depreciation was charged to departments of the City as follows:

Business-type activities:

Sewer	\$	157,360
Water		56,370
Refuse		<u>2,625</u>
Total depreciation expense - business-type activities	\$	<u>216,355</u>

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022, the liability for unpaid compensated absences was \$141,521 for the entire City.

NOTE 11 - LONG-TERM OBLIGATIONS

During 2022, the following changes occurred in the City's long-term obligations.

	Balance <u>12/31/21</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/22</u>	Amounts Due in <u>One Year</u>
Governmental activities					
<u>General obligation bonds:</u>					
Road Improvements Bond	\$ 65,000	\$ -	\$ (30,000)	\$ 35,000	\$ 35,000
<u>General obligation notes:</u>					
<i>Direct Placement:</i>					
SR 123 Reconstruction Note	375,000	280,000	(375,000)	280,000	280,000
Timber Ridge TIF Note	<u>380,000</u>	<u>-</u>	<u>(380,000)</u>	<u>-</u>	<u>-</u>
Total general obligation notes	<u>755,000</u>	<u>280,000</u>	<u>(755,000)</u>	<u>280,000</u>	<u>280,000</u>
<u>Other long-term obligations:</u>					
Net pension liability	1,460,010	-	(202,620)	1,257,390	-
Net OPEB liability	177,862	7,007	-	184,869	-
Compensated absences	<u>54,537</u>	<u>925</u>	<u>-</u>	<u>55,462</u>	<u>48,394</u>
Total other long-term obligations	<u>1,692,409</u>	<u>7,932</u>	<u>(202,620)</u>	<u>1,497,721</u>	<u>48,394</u>
Total governmental activities long-term obligations	<u>\$ 2,512,409</u>	<u>\$ 287,932</u>	<u>\$ (987,620)</u>	<u>\$ 1,812,721</u>	<u>\$ 363,394</u>
Business-type activities					
<u>Other long-term obligations:</u>					
Net pension liability	\$ 493,185	\$ -	\$ (246,446)	\$ 246,739	\$ -
Net OPEB liability	-	-	-	-	-
Compensated absences	<u>68,788</u>	<u>53,276</u>	<u>(36,005)</u>	<u>86,059</u>	<u>33,949</u>
Total business-type activities long-term obligations	<u>\$ 561,973</u>	<u>\$ 53,276</u>	<u>\$ (282,451)</u>	<u>\$ 332,798</u>	<u>\$ 33,949</u>

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Road Improvement General Obligation Bonds

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

SR 123 Reconstruction Note

On May 8, 2020, the City issued a \$555,000 general obligation note for the purpose of reconstructing and improving SR 123. The note bore an interest rate of 4.00% and matured on May 7, 2021. Upon retirement of the note, on May 7, 2021, the City reissued a \$465,000 general obligation note for the same purpose. The 2021 note bears an interest rate of 4.00% and will mature on May 6, 2022. Upon retirement of the note, on May 6, 2022, the City reissued a \$375,000 general obligation note for the same purpose. The 2022 note bears an interest rate of 4.00% and matures on May 5, 2023. The 2022 note was refinanced subsequent to year-end on May 5, 2023 (see Note 22). The short-term portion of the note, representing the amount retired when the notes were refinanced, is reported as a short-term note payable (see Note 19 for detail) with the remainder being reported as a long-term obligation. Principal and interest payments are being made from the SR 123 Reconstruction fund (a nonmajor governmental fund). The SR 123 Reconstruction Note was a direct placement with terms negotiated directly between the City and the investor and were not offered for public sale.

Timber Ridge TIF Note

On April 25, 2020, the City issued a \$650,000 general obligation note for the purpose of road construction and improvements at Timber Ridge. The note bore an interest rate of 5.00% and matured on April 24, 2021. Upon retirement of the note, on April 24, 2021, the City reissued a \$475,000 general obligation note for the same purpose. The 2021 note bears an interest rate of 5.00% and will mature on April 23, 2022. Upon retirement of the note, on April 23, 2022, the City reissued a \$380,000 general obligation note for the same purpose. The 2022 note bears an interest rate of 5.00% and will mature on April 22, 2023. The 2022 note was refinanced subsequent to year-end on April 22, 2023 (see Note 22). The short-term portion of the note, representing the amount retired when the notes were refinanced, is reported as a short-term note payable (see Note 19 for detail) with the remainder being reported as a long-term obligation. Principal and interest payments are reported in the Timber Ridge TIF fund. The Timber Ridge TIF Note was a direct placement with terms negotiated directly between the City and the investor and were not offered for public sale.

Net Pension Liability and Net OPEB Liability

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

Compensated Absences

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

Debt Margin - The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2022, the City's total debt margin was \$10,721,328 and the unvoted debt margin was \$6,027,124.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements - Principal and interest requirements to retire the City's bonds outstanding at December 31, 2022 were:

Year Ending	Road Improvements General Obligation Bonds		
December 31,	Principal	Interest	Total
2023	\$ 35,000	\$ 1,440	\$ 36,440
Total	\$ 35,000	\$ 1,440	\$ 36,440

NOTE 12 - RISK MANAGEMENT

The City 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 2022, the City contracted with The Ohio Plan for various types of insurance. The risk of loss transfers to the insurance carrier upon payment of the premium. The following is a summary of the City's insurance coverage:

<u>Company</u>	<u>Type</u>	<u>Deductible</u>	<u>Coverage</u>
The Ohio Plan	Commercial Property	\$1,000	\$3,983,517
The Ohio Plan	Scheduled & Misc. Equipment	\$1,000	\$790,983
The Ohio Plan	Auto Comprehensive & Collision	\$500	ACV
The Ohio Plan	Emergency Auto Comprehensive & Collision	\$500	RC
The Ohio Plan	Auto Liability	-	\$5,000,000
The Ohio Plan	General Liability	-	\$5,000,000 per occurrence \$7,000,000 aggregate
The Ohio Plan	Public Officials Liability	\$5,000	\$5,000,000 per occurrence \$7,000,000 aggregate
The Ohio Plan	Employee Bonding		
	- City Manager	-	\$35,000
	- Finance Director	-	\$35,000
	- Public Employee	\$2,500	\$250,000
The Ohio Plan	Law Enforcement Operations	\$5,000	\$5,000,000 per occurrence \$7,000,000 aggregate
The Ohio Plan	Wrongful Acts	\$5,000	\$5,000,000

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %
* This rate is determined by OPERS' Board and has no maximum rate es	
** This employer health care rate is for the traditional and combined plan contribution for the member-directed plan is 4.00%.	

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The City's contractually required contribution for the Traditional Pension Plan and Member-Directed Plan was \$154,064 for 2022. Of this amount, \$13,215 is reported as intergovernmental payable.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	Police
2022 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2022 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$106,797 for 2022. Of this amount, \$10,387 is reported as due to other governments.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00546200%	0.00719000%	0.01678710%	
Proportion of the net pension liability/asset current measurement date	0.00517700%	0.00709300%	0.01686630%	
Change in proportionate share	-0.00028500%	-0.00009700%	0.00007920%	
Proportionate share of the net pension liability	\$ 450,420	\$ -	\$ 1,053,709	\$ 1,504,129
Proportionate share of the net pension asset	-	(1,288)	-	(1,288)
Pension expense	6,792	(207)	106,878	113,463

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	Member- Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ 22,961	\$ 1,272	\$ 30,381	\$ 54,614
Changes of assumptions	56,324	42	192,575	248,941
Changes in employer's proportionate percentage/ difference between employer contributions	60,160	-	122,980	183,140
Contributions subsequent to the measurement date	149,327	4,737	106,797	260,861
Total deferred outflows of resources	<u>\$ 288,772</u>	<u>\$ 6,051</u>	<u>\$ 452,733</u>	<u>\$ 747,556</u>

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 9,878	\$ -	\$ 54,779	\$ 64,657
Net difference between projected and actual earnings on pension plan investments	535,756	295	276,265	812,316
Changes in employer's proportionate percentage/ difference between employer contributions	52,558	-	2,194	54,752
Total deferred inflows of resources	<u>\$ 598,192</u>	<u>\$ 295</u>	<u>\$ 333,238</u>	<u>\$ 931,725</u>

\$260,861 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2023.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
2023	\$ (57,633)	\$ 126	\$ 38,282	\$ (19,225)
2024	(189,910)	99	(35,849)	(225,660)
2025	(125,978)	117	(2,092)	(127,953)
2026	(85,225)	119	(10,256)	(95,362)
2027	(1)	158	22,613	22,770
Thereafter	-	400	-	400
Total	<u>\$ (458,747)</u>	<u>\$ 1,019</u>	<u>\$ 12,698</u>	<u>\$ (445,030)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 1,187,552	\$ 450,420	\$ (162,972)
Member-Directed Plan	(1,135)	(1,288)	(1,419)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below.

Valuation date	1/1/21 with actuarial liabilities rolled forward to 12/31/21
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 8.00% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 1,562,636	\$ 1,053,709	\$ 629,899

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.00%.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,895 for 2022. Of this amount, \$163 is reported as due to other governments.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$2,810 for 2022. Of this amount, \$273 is reported as due to other governments.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability/asset was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.00537200%	0.01678710%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.00510300%</u>	<u>0.01686630%</u>	
Change in proportionate share	<u>-0.00026900%</u>	<u>0.00007920%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 184,869	\$ 184,869
Proportionate share of the net OPEB asset	(159,834)	-	(159,834)
OPEB expense	(95,570)	16,408	(79,162)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 8,410	\$ 8,410
Changes of assumptions	-	81,828	81,828
Changes in employer's proportionate percentage/difference between employer contributions	18,093	21,532	39,625
Contributions subsequent to the measurement date	1,895	2,810	4,705
Total deferred outflows of resources	<u>\$ 19,988</u>	<u>\$ 114,580</u>	<u>\$ 134,568</u>

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 24,244	\$ 24,432	\$ 48,676
Net difference between projected and actual earnings on OPEB plan investments	76,195	16,699	92,894
Changes of assumptions	64,699	21,471	86,170
Changes in employer's proportionate percentage/ difference between employer contributions	7,930	9,528	17,458
Total deferred inflows of resources	<u>\$ 173,068</u>	<u>\$ 72,130</u>	<u>\$ 245,198</u>

\$4,705 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability/asset in the year ending December 31, 2023.

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2023	\$ (90,509)	\$ 8,904	\$ (81,605)
2024	(36,875)	6,427	(30,448)
2025	(16,647)	7,885	(8,762)
2026	(10,943)	4,662	(6,281)
2027	(1)	6,315	6,314
Thereafter	-	5,447	5,447
Total	<u>\$ (154,975)</u>	<u>\$ 39,640</u>	<u>\$ (115,335)</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	3.25 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	\$ 93,997	\$ 159,834	\$ 214,479

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

- Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 161,561	\$ 159,834	\$ 157,785

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.84%
Prior measurement date	2.96%
Cost of Living Adjustments	2.20% simple per year

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

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

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

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

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	<u><u>125.00 %</u></u>	

Note: assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020 was blended with the long-term rate of 7.50%, which resulted in a blended discount rate of 2.84%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84%), or one percentage point higher (3.84%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 232,385	\$ 184,869	\$ 145,811

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

	Net Change in Fund Balance					
	<u>General Fund</u>	<u>Road Department</u>	<u>Eagle Ridge TIF</u>	<u>Timber Ridge TIF</u>	<u>Police Services</u>	<u>ARPA</u>
Budget basis	\$ 297,206	\$ 32,024	\$ 144,893	\$ 7,763	\$ 63,431	\$ 287,515
Net adjustment for revenue accruals	140,082	37,702	-	-	49,278	(287,515)
Net adjustment for expenditure accruals	44,085	12,549	1	91,976	(9,118)	-
Net adjustment for other sources/uses	(125,680)	(35,366)	-	(380,000)	(5,600)	-
Adjustment for encumbrances	<u>39,006</u>	<u>31,605</u>	<u>-</u>	<u>-</u>	<u>59,988</u>	<u>-</u>
GAAP basis	<u>\$ 394,699</u>	<u>\$ 78,514</u>	<u>\$ 144,894</u>	<u>\$ (280,261)</u>	<u>\$ 157,979</u>	<u>\$ -</u>

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - FUND BALANCE

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

Fund cash balance	General	Road	Eagle Ridge TIF	Timber Ridge TIF	Police Services	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Materials and supplies inventory	\$ 4,518	\$ 35,069	\$ -	\$ -	\$ -	\$ 1,842	\$ 41,429
Prepays	4,063	626	-	-	7,095	690	12,474
Total nonspendable	8,581	35,695	-	-	7,095	2,532	53,903
Restricted:							
General government	-	-	174,914	-	-	301,123	476,037
Capital improvements	-	-	-	-	-	117,023	117,023
Security of persons and property	-	-	-	-	686,879	445,690	1,132,569
Community environment programs	-	-	-	-	-	5,330	5,330
Transportation	-	869,787	-	-	-	117,691	987,478
Other purposes	-	-	-	-	-	26,676	26,676
Total restricted	-	869,787	174,914	-	686,879	1,013,533	2,745,113
Committed:							
Transportation	-	-	-	-	-	330,838	330,838
Capital improvements	-	-	-	-	-	95,080	95,080
Total committed	-	-	-	-	-	425,918	425,918
Assigned:							
General government	19,469	-	-	-	-	-	19,469
Community environment	16,181	-	-	-	-	-	16,181
Subsequent year appropriations	1,048,828	-	-	-	-	-	1,048,828
Total assigned	1,084,478	-	-	-	-	-	1,084,478
Unassigned (deficit)	2,077,455	-	-	(30,411)	-	(150,758)	1,896,286
Total fund cash balances	\$ 3,170,514	\$ 905,482	\$ 174,914	\$ (30,411)	\$ 693,974	\$ 1,291,225	\$ 6,205,698

NOTE 17 - OTHER COMMITMENTS

The City 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 City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 35,650
Road department fund	31,605
Police services fund	59,988
Nonmajor governmental funds	41,707
Total	\$ 168,950

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 18 - CONTINGENCIES

A. Grants

The City 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 City at December 31, 2022.

B. Litigation

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

NOTE 19 - SHORT-TERM NOTES PAYABLE

Changes in the City's short-term note activity for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Issued	Retired	Balance 12/31/2022
<u>Governmental fund notes</u>				
<i>Direct Placements:</i>				
SR 123 Reconstruction Note	\$ 90,000	\$ 95,000	\$ (90,000)	\$ 95,000
Timber Ridge TIF Note	95,000	380,000	(95,000)	380,000
Total governmental fund notes	\$ 185,000	\$ 475,000	\$ (185,000)	\$ 475,000

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

SR 123 Reconstruction Note

On May 8, 2020, the City issued a \$555,000 general obligation note for reconstructing and improving SR 123. The note bore an interest rate of 4.00% and matured on May 7, 2021. At December 31, 2020, the short-term portion of the note payable (\$90,000) represented the portion of the 2020 note issue that was retired when the notes were refinanced in 2021. On May 7, 2021, the City reissued a \$465,000 general obligation note for the same purpose. The 2021 note bears an interest rate of 4.00% and will mature on May 6, 2022. At December 31, 2021, the short-term portion of the note payable (\$90,000) represents the portion of the 2021 note issue that was retired when the notes were refinanced on May 6, 2021 (see Note 22 for detail). On May 6, 2022, the City reissued a \$375,000 general obligation note for the same purpose. The 2022 note bears an interest rate of 4.00% and will mature on May 5, 2023. At December 31, 2022, the short-term portion of the note payable (\$95,000) represents the portion of the 2022 note issue that was retired when the notes were refinanced on May 5, 2023 (see Note 22 for detail). The short-term note liability is reflected in the fund which received the proceeds.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Timber Ridge TIF Note

On April 25, 2020, the City issued a \$650,000 general obligation note for the purpose of road construction and improvements at Timber Ridge. The note bore an interest rate of 5.00% and matured on April 24, 2021. At December 31, 2020, the short-term portion of the note payable (\$175,000) represented the portion of the 2020 note issue that was retired when the notes were refinanced in 2021. On April 24, 2021, the City reissued an \$475,000 general obligation note for the same purpose. The 2021 note bears an interest rate of 5.00% and will mature on April 23, 2022. At December 31, 2021, the short-term portion of the note payable (\$95,000) represents the portion of the 2021 note issue that was retired when the notes were refinanced on April 23, 2022 (see Note 22 for detail). On April 23, 2022, the City reissued an \$380,000 general obligation note for the same purpose. The 2022 note bears an interest rate of 5.00% and will mature on April 22, 2023. At December 31, 2022, the short-term portion of the note payable (\$380,000) represents the portion of the 2022 note issue that was retired when the notes were paid in full on April 22, 2023 (see Note 22 for detail). The short-term note liability is reflected in the fund which received the proceeds. The Timber Ridge note will be paid in full at the maturity date on April 22, 2023.

NOTE 20 - TAX ABATEMENTS

As of December 31, 2022, the City provides tax abatements through Community Reinvestment Area (CRA). This program relates to the abatement of property taxes.

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

During 2022, the City's property tax revenues were reduced by \$1,110 as a result of these agreements.

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended April 2023. During 2022, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

NOTE 22 - SIGNIFICANT SUBSEQUENT EVENTS

On May 5, 2023, the City retired the \$375,000 SR 123 Reconstruction general obligation note and reissued a new \$280,000 note for the same purpose. The new note bears an interest rate that shall not be in excess of 5.00% and will mature on May 4, 2024.

On April 22, 2023, the City retired the \$380,000 Timber Ridge TIF general obligation note. There was no new note issuance as the full value of the \$380,000 note was paid off at maturity.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.005177%	0.005462%	0.004978%	0.004299%
City's proportionate share of the net pension liability	\$ 450,420	\$ 808,803	\$ 983,935	\$ 1,177,409
City's covered payroll	\$ 944,986	\$ 939,586	\$ 899,686	\$ 752,314
City's proportionate share of the net pension liability as a percentage of its covered payroll	47.66%	86.08%	109.36%	156.50%
Plan fiduciary net position as a percentage of the total pension liability	96.62%	86.88%	82.17%	74.70%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.007093%	0.007190%	0.007611%	0.007477%
City's proportionate share of the net pension asset	\$ 1,288	\$ 1,312	\$ 288	\$ 170
City's covered payroll	\$ 44,470	\$ 43,180	\$ 45,240	\$ 42,740
City's proportionate share of the net pension asset as a percentage of its covered payroll	2.90%	3.04%	0.64%	0.40%
Plan fiduciary net position as a percentage of the total pension asset	171.84%	188.21%	118.84%	113.42%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.004083%	0.004419%	0.004571%	0.004643%	0.004643%
\$	640,544	\$ 1,003,480	\$ 791,755	\$ 559,999	\$ 547,348
\$	660,162	\$ 647,800	\$ 666,625	\$ 664,133	\$ 552,838
	97.03%	154.91%	118.77%	84.32%	99.01%
	84.66%	77.25%	81.08%	86.45%	86.36%
	0.006693%	0.008342%	0.006787%	n/a	n/a
\$	234	\$ 35	\$ 26	n/a	n/a
\$	36,690	\$ 43,308	\$ 37,800	n/a	n/a
	0.64%	0.08%	0.07%	n/a	n/a
	124.45%	103.40%	103.91%	n/a	n/a

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.01686630%	0.01678710%	0.15364300%	0.01411500%
City's proportionate share of the net pension liability	\$ 1,053,709	\$ 1,144,392	\$ 1,035,021	\$ 1,152,157
City's covered payroll	\$ 528,426	\$ 476,300	\$ 460,505	\$ 356,411
City's proportionate share of the net pension liability as a percentage of its covered payroll	199.41%	240.27%	224.76%	323.27%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	70.65%	69.89%	63.07%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.01382200%	0.01436900%	0.01486100%	0.01437250%	0.01437250%
\$ 848,334	\$ 910,100	\$ 955,994	\$ 744,555	\$ 699,986
\$ 454,874	\$ 339,916	\$ 368,916	\$ 346,826	\$ 333,035
186.50%	267.74%	259.14%	214.68%	210.18%
70.91%	68.36%	66.77%	72.20%	73.00%

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 149,327	\$ 132,298	\$ 131,542	\$ 125,956
Contributions in relation to the contractually required contribution	<u>(149,327)</u>	<u>(132,298)</u>	<u>(131,542)</u>	<u>(125,956)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,066,621	\$ 944,986	\$ 939,586	\$ 899,686
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 4,737	\$ 4,447	\$ 4,318	\$ 4,524
Contributions in relation to the contractually required contribution	<u>(4,737)</u>	<u>(4,447)</u>	<u>(4,318)</u>	<u>(4,524)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 47,370	\$ 44,470	\$ 43,180	\$ 45,240
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 105,324	\$ 85,821	\$ 77,736	\$ 79,995	\$ 79,696	\$ 71,869
<u>(105,324)</u>	<u>(85,821)</u>	<u>(77,736)</u>	<u>(79,995)</u>	<u>(79,696)</u>	<u>(71,869)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 752,314	\$ 660,162	\$ 647,800	\$ 666,625	\$ 664,133	\$ 552,838
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$ 4,274	\$ 3,669	\$ 5,197	\$ 4,536		
<u>(4,274)</u>	<u>(3,669)</u>	<u>(5,197)</u>	<u>(4,536)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ -		
\$ 42,740	\$ 36,690	\$ 43,308	\$ 37,800		
10.00%	10.00%	12.00%	12.00%		

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Police:</i>				
Contractually required contribution	\$ 106,797	\$ 100,401	\$ 90,497	\$ 87,496
Contributions in relation to the contractually required contribution	<u>(106,797)</u>	<u>(100,401)</u>	<u>(90,497)</u>	<u>(87,496)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 562,089	\$ 528,426	\$ 476,300	\$ 460,505
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 67,718	\$ 86,426	\$ 64,584	\$ 70,094	\$ 65,897	\$ 52,886
<u>(67,718)</u>	<u>(86,426)</u>	<u>(64,584)</u>	<u>(70,094)</u>	<u>(65,897)</u>	<u>(52,886)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 356,411	\$ 454,874	\$ 339,916	\$ 368,916	\$ 346,826	\$ 332,965
19.00%	19.00%	19.00%	19.00%	19.00%	15.88%

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net OPEB liability/asset	0.510300%	0.005372%	0.004935%	0.004298%
City's proportionate share of the net OPEB liability/(asset)	\$ (159,834)	\$ (95,706)	\$ 681,652	\$ 560,358
City's covered payroll	\$ 989,456	\$ 982,766	\$ 944,926	\$ 795,054
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-16.15%	-9.74%	72.14%	70.48%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	128.23%	115.57%	47.80%	46.33%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2018</u>		<u>2017</u>
	0.004070%		0.004431%
\$	441,972	\$	447,562
\$	696,852	\$	691,108
	63.42%		64.76%
	54.14%		54.05%

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net OPEB liability	0.01686630%	0.01678710%	0.01536430%	0.01411500%
City's proportionate share of the net OPEB liability	\$ 184,869	\$ 177,862	\$ 151,764	\$ 128,539
City's covered payroll	\$ 528,426	\$ 476,300	\$ 460,505	\$ 356,411
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.98%	37.34%	32.96%	36.06%
Plan fiduciary net position as a percentage of the total OPEB liability	46.86%	45.42%	47.08%	46.57%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.01382200%	0.01436900%
\$ 783,146	\$ 682,064
\$ 454,874	\$ 339,916
172.17%	200.66%
14.13%	15.96%

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 1,895	\$ 1,779	\$ 1,727	\$ 1,810
Contributions in relation to the contractually required contribution	<u>(1,895)</u>	<u>(1,779)</u>	<u>(1,727)</u>	<u>(1,810)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,113,991	\$ 989,456	\$ 982,766	\$ 944,926
Contributions as a percentage of covered payroll	0.17%	0.18%	0.18%	0.19%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,710	\$ 8,069	\$ 13,822	\$ 7,484	\$ 11,389	\$ 5,526
<u>(1,710)</u>	<u>(8,069)</u>	<u>(13,822)</u>	<u>(7,484)</u>	<u>(11,389)</u>	<u>(5,526)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 795,054	\$ 696,852	\$ 691,108	\$ 704,425	\$ 664,133	\$ 552,838
0.22%	1.16%	2.00%	1.06%	1.71%	1.00%

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Police:</i>				
Contractually required contribution	\$ 2,810	\$ 2,642	\$ 2,382	\$ 2,303
Contributions in relation to the contractually required contribution	<u>(2,810)</u>	<u>(2,642)</u>	<u>(2,382)</u>	<u>(2,303)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 562,089	\$ 528,426	\$ 476,300	\$ 460,505
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,782	\$ 2,274	\$ 1,700	\$ 1,894	\$ 1,728	\$ 12,187
<u>(1,782)</u>	<u>(2,274)</u>	<u>(1,700)</u>	<u>(1,894)</u>	<u>(1,728)</u>	<u>(12,187)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 356,411	\$ 454,874	\$ 339,916	\$ 368,916	\$ 346,826	\$ 332,965
0.50%	0.50%	0.50%	0.50%	0.50%	3.62%

CITY OF CARLISLE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.

(Continued)

CITY OF CARLISLE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.

(Continued)

CITY OF CARLISLE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

(Continued)

CITY OF CARLISLE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Carlisle**, Warren County, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive style and is enclosed within a thin black rectangular border.

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

September 28, 2023

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Carlisle**, Warren County, Ohio (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 City of Carlisle, Warren County, Ohio as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Road Department, Eagle Ridge TIF, Timber Ridge TIF, Police Services, and American Rescue Plan Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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

September 28, 2023

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

The management's discussion and analysis of the City of Carlisle's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City'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 City's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The total net position of the City increased \$1,160,978. Net position of governmental activities increased \$633,800 or 6.95% from 2020's net position and net position of business-type activities increased \$527,178 or 10.56% from 2020's net position.
- General revenues accounted for \$3,370,470 or 79.68% of total governmental activities revenue. Program specific revenues accounted for \$859,478 or 20.32% of total governmental activities revenue.
- The City had \$3,596,148 in expenses related to governmental activities; \$859,478 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$2,736,670 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$3,370,470.
- The general fund had revenues of \$1,594,415 in 2021. This represents a decrease of \$8,189 from 2020. The expenditures and other financing uses of the general fund, which totaled \$1,333,075 in 2021, increased \$214,018 from 2020. The net increase in fund balance for the general fund was \$261,340 or 10.39%.
- The road department fund had revenues of \$396,756 in 2021. The expenditures of the road department fund totaled \$257,482 in 2021. The net increase in fund balance for the road department fund was \$139,274 or 20.25%.
- The Eagle Ridge TIF fund had revenues of \$420,119 in 2021. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled \$408,226. The net increase in fund balance for the Eagle Ridge TIF fund was \$11,893 or 65.61%.
- The Timber Ridge TIF fund had revenues and other financing sources of \$1,085,366 in 2021. The expenditures of the Timber Ridge TIF fund totaled \$984,357. The net increase in fund balance for the Timber Ridge TIF fund was \$101,009 or 67.86%.
- The police services fund had revenues and other financing sources of \$871,821 in 2021. The expenditures of the police services fund totaled \$940,086. The net decrease in fund balance for the police services fund was \$68,265 or 11.30%.
- The American Rescue Plan Act (ARPA) fund had no revenues or expenditures in 2021. The ARPA fund had \$285,237 in unearned grant revenue. The ARPA fund will report revenue as expenditures are incurred.
- Net position for the business-type activities, which are made up of the sewer, water and refuse enterprise funds, increased in 2021 by \$527,178.
- In the general fund, the actual revenues and other financing sources came in \$244,291 higher than they were in the final budget and actual expenditures were \$253,041 less than the final budget.

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City 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 City as a whole, presenting both an aggregate view of the City'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 City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" 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 City's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City 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 City'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 City is divided into two distinct kinds of activities:

Governmental activities - Most of the City'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 City's sewer, water and refuse operations are reported here.

The City's statement of net position and statement of activities can be found on pages 127-129 of this report.

Reporting the City'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 City, 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 City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 120.

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, road department fund, Eagle Ridge TIF fund, Timber Ridge TIF fund, police services fund, and the ARPA 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 130-142 of this report.

Proprietary Funds

The City 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 City uses enterprise funds to account for its sewer, water and refuse management functions. All of the City's enterprise funds are considered major funds. The basic proprietary fund financial statements can be found on pages 143-145 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the City's only fiduciary fund type. The fiduciary fund statements can be found on pages 146-147 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 148-193 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net other postemployment benefit (OPEB) liability. The required supplementary information can be found on pages 194-210 of this report.

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Government-Wide Financial Analysis

The table below provides a summary of the City's net position at December 31, 2021 and 2020.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Assets</u>						
Current assets	\$ 7,319,889	\$ 6,248,805	\$ 5,005,484	\$ 4,448,748	\$ 12,325,373	\$ 10,697,553
Capital assets, net	<u>6,003,409</u>	<u>6,390,764</u>	<u>1,310,987</u>	<u>1,604,706</u>	<u>7,314,396</u>	<u>7,995,470</u>
Total assets	<u>13,323,298</u>	<u>12,639,569</u>	<u>6,316,471</u>	<u>6,053,454</u>	<u>19,639,769</u>	<u>18,693,023</u>
<u>Deferred outflows of resources</u>						
Pension	428,698	395,605	147,138	169,550	575,836	565,155
OPEB	<u>174,214</u>	<u>189,354</u>	<u>59,354</u>	<u>90,747</u>	<u>233,568</u>	<u>280,101</u>
Total deferred outflows of resources	<u>602,912</u>	<u>584,959</u>	<u>206,492</u>	<u>260,297</u>	<u>809,404</u>	<u>845,256</u>
<u>Liabilities</u>						
Current liabilities	583,763	338,115	47,918	46,923	631,681	385,038
Long-term liabilities:						
Due within one year	839,658	1,017,178	36,005	35,723	875,663	1,052,901
Net pension liability	1,460,010	1,418,497	493,185	600,459	1,953,195	2,018,956
Net OPEB liability	177,862	417,429	-	415,987	177,862	833,416
Other amounts	<u>34,879</u>	<u>64,368</u>	<u>32,783</u>	<u>29,120</u>	<u>67,662</u>	<u>93,488</u>
Total liabilities	<u>3,096,172</u>	<u>3,255,587</u>	<u>609,891</u>	<u>1,128,212</u>	<u>3,706,063</u>	<u>4,383,799</u>
<u>Deferred inflows of resources</u>						
Property taxes and PILOTs	641,159	540,740	-	-	641,159	540,740
Pension	244,466	198,751	213,896	130,082	458,362	328,833
OPEB	<u>191,298</u>	<u>110,135</u>	<u>179,646</u>	<u>63,105</u>	<u>370,944</u>	<u>173,240</u>
Total deferred inflows of resources	<u>1,076,923</u>	<u>849,626</u>	<u>393,542</u>	<u>193,187</u>	<u>1,470,465</u>	<u>1,042,813</u>
<u>Net Position</u>						
Net investment in capital assets	4,998,409	5,095,764	1,310,987	1,604,706	6,309,396	6,700,470
Restricted	2,478,534	2,299,180	-	-	2,478,534	2,299,180
Unrestricted	<u>2,276,172</u>	<u>1,724,371</u>	<u>4,208,543</u>	<u>3,387,646</u>	<u>6,484,715</u>	<u>5,112,017</u>
Total net position	<u>\$ 9,753,115</u>	<u>\$ 9,119,315</u>	<u>\$ 5,519,530</u>	<u>\$ 4,992,352</u>	<u>\$ 15,272,645</u>	<u>\$ 14,111,667</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.*" The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, the net pension asset, and the net OPEB asset.

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2021, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$15,272,645. At year-end, net position was \$9,753,115 and \$5,519,530 for the governmental activities and the business-type activities, respectively.

CITY OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 37.24% of total assets. Capital assets include land, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investment in capital assets at December 31, 2021, was \$4,998,409 and \$1,310,987 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 City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Liabilities of the governmental activities decreased \$159,415 or 4.9% from 2020. Current liabilities of the governmental activities increased \$245,648 due to the unearned revenue from the ARPA fund. Long-term obligations of the governmental activities decreased \$405,063 or 13.88% as the City paid down its debt obligations and a decrease in the City's proportionate share of the net OPEB liability. The City reports its proportionate share of OP&F OPEB liability. This decrease was partially offset by an increase in the City's net pension liability.

Liabilities of the business-type activities decreased \$518,321 or 45.94% from 2020. Long-term obligations of the business-type activities decreased primarily due to a decrease in the City's net OPEB liability.

A portion of the City's net position, \$2,478,534, 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 \$2,276,172.

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CITY OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

The table below shows the changes in net position for 2021 and 2020.

	Governmental Activities 2021	Business-type Activities 2021	Governmental Activities 2020	Business-type Activities 2020	2021 Total	2020 Total
Revenues						
Program revenues:						
Charges for services	\$ 287,321	\$ 2,570,623	\$ 282,511	\$ 2,296,494	\$ 2,857,944	\$ 2,579,005
Operating grants and contributions	555,431	-	850,018	-	555,431	850,018
Capital grants and contributions	16,726	-	13,315	-	16,726	13,315
Total program revenues	859,478	2,570,623	1,145,844	2,296,494	3,430,101	3,442,338
General revenues:						
Property taxes	213,534	-	207,698	-	213,534	207,698
Income taxes	1,523,948	-	1,463,478	-	1,523,948	1,463,478
Unrestricted grants and entitlements	362,047	-	229,356	-	362,047	229,356
Payment in lieu of taxes	1,057,033	-	987,686	-	1,057,033	987,686
Investment earnings	46,352	-	114,357	-	46,352	114,357
Gain on sale of capital assets	-	7,100	-	-	7,100	-
Decrease in fair value of investments	(43,131)	-	-	-	(43,131)	-
Miscellaneous	210,687	-	152,769	-	210,687	152,769
Total general revenues	3,370,470	7,100	3,155,344	-	3,377,570	3,155,344
Total revenues	4,229,948	2,577,723	4,301,188	2,296,494	6,807,671	6,597,682
Expenses:						
General government	1,675,073	-	1,559,644	-	1,675,073	1,559,644
Security of persons and property	1,059,027	-	1,092,824	-	1,059,027	1,092,824
Public health and welfare	86,690	-	-	-	86,690	-
Transportation	478,436	-	616,676	-	478,436	616,676
Community environment	213,121	-	149,749	-	213,121	149,749
Leisure time activity	59,328	-	26,372	-	59,328	26,372
Interest and fiscal charges	24,473	-	44,337	-	24,473	44,337
Sewer	-	1,146,831	-	1,501,423	1,146,831	1,501,423
Refuse	-	443,405	-	479,009	443,405	479,009
Water	-	460,309	-	509,399	460,309	509,399
Total expenses	3,596,148	2,050,545	3,489,602	2,489,831	5,646,693	5,979,433
Change in net position	633,800	527,178	811,586	(193,337)	1,160,978	618,249
Net position at beginning of year	9,119,315	4,992,352	8,307,729	5,185,689	14,111,667	13,493,418
Net position at end of year	\$ 9,753,115	\$ 5,519,530	\$ 9,119,315	\$ 4,992,352	\$ 15,272,645	\$ 14,111,667

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Governmental Activities

Governmental activities net position increased \$633,800 in 2021.

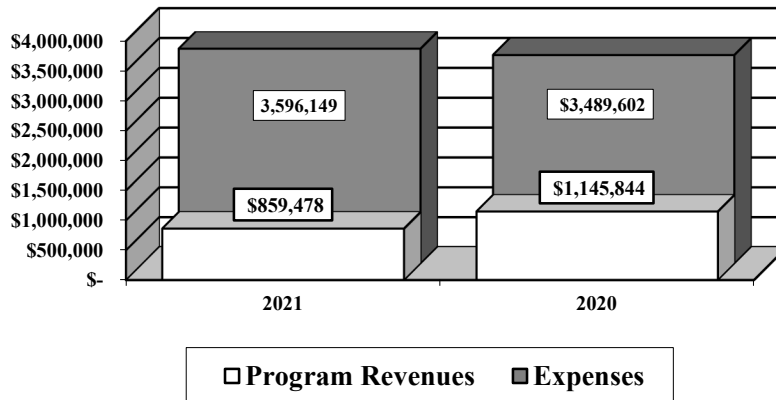
Transportation expenses totaled \$478,436 or 13.30% of the total governmental expenses of the City. Security of persons and property which primarily supports the operation of police and fire services accounted for \$1,059,027 or 29.45% of the total governmental expenses of the City. General government expenses totaled \$1,675,073. General government expenses were partially funded by \$106,355 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$555,431 in operating grants and contributions and capital grants and contributions of \$16,726. These revenues are restricted to a particular program or purpose.

General revenues totaled \$3,370,470 and amounted to 79.68% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$1,737,482. 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 \$362,047 and payments in lieu of taxes of \$1,057,033.

As can be seen in the graph below, the City 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 2021.

Governmental Activities - Program Revenues vs. Total Expenses



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

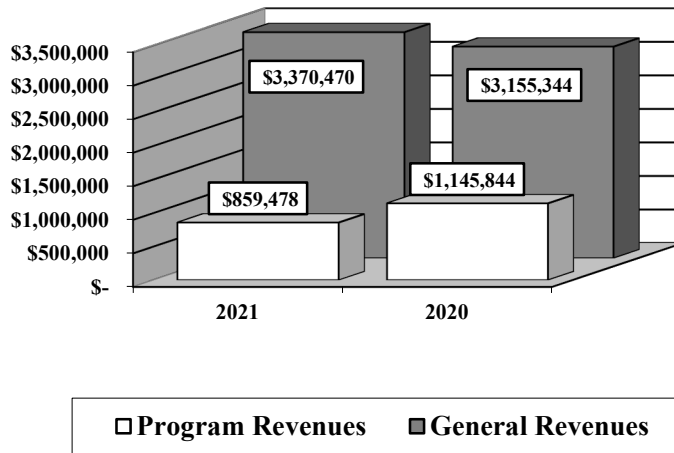
	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2021	2021	2020	2020
Program expenses:				
General government	\$ 1,675,073	\$ 1,568,718	\$ 1,559,644	\$ 1,190,576
Security of persons and property	1,059,027	1,042,968	1,092,824	1,062,612
Public health and welfare	86,690	86,690	-	-
Transportation	478,436	(60,936)	616,676	55,703
Community environment	213,121	18,184	149,749	(33,087)
Leisure time activity	59,328	59,328	26,372	26,372
Interest and fiscal charges	24,473	21,718	44,337	41,582
Total	<u>\$ 3,596,148</u>	<u>\$ 2,736,670</u>	<u>\$ 3,489,602</u>	<u>\$ 2,343,758</u>

CITY OF CARLISLE, OHIO

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The dependence upon general revenues for governmental activities is apparent, with 76.10% of expenses supported through taxes and other general revenues. The chart below illustrates the City’s program revenues versus general revenues for 2021 and 2020.

Governmental Activities - General and Program Revenues

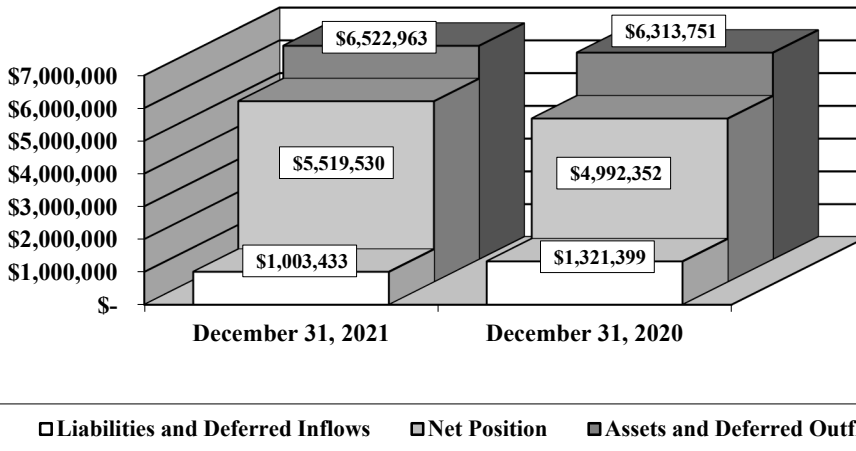


Business-Type Activities

Business-type activities include the sewer, water and refuse enterprise funds. These programs had program revenues of \$2,570,623 and expenses of \$2,050,545 for 2021.

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

Net Position in Business – Type Activities



CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on pages 130-131) reported a combined fund balance of \$5,513,775 which is \$510,066 higher than last year's balance of \$5,003,709.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2021 and 2020 for all major and non-major governmental funds.

	<u>Fund Balances</u> <u>12/31/21</u>	<u>Fund Balances</u> <u>12/31/20</u>	<u>Change</u>
Major funds:			
General	\$ 2,775,815	\$ 2,514,475	\$ 261,340
Road Department	826,968	687,694	139,274
Eagle Ridge TIF	30,020	18,127	11,893
Timber Ridge TIF	249,850	148,841	101,009
Police Services	535,995	604,260	(68,265)
Other nonmajor governmental funds	<u>1,095,127</u>	<u>1,030,312</u>	<u>64,815</u>
Total	<u>\$ 5,513,775</u>	<u>\$ 5,003,709</u>	<u>\$ 510,066</u>

General Fund

The City's general fund balance increased \$261,340. The table that follows assists in illustrating the revenues of the general fund.

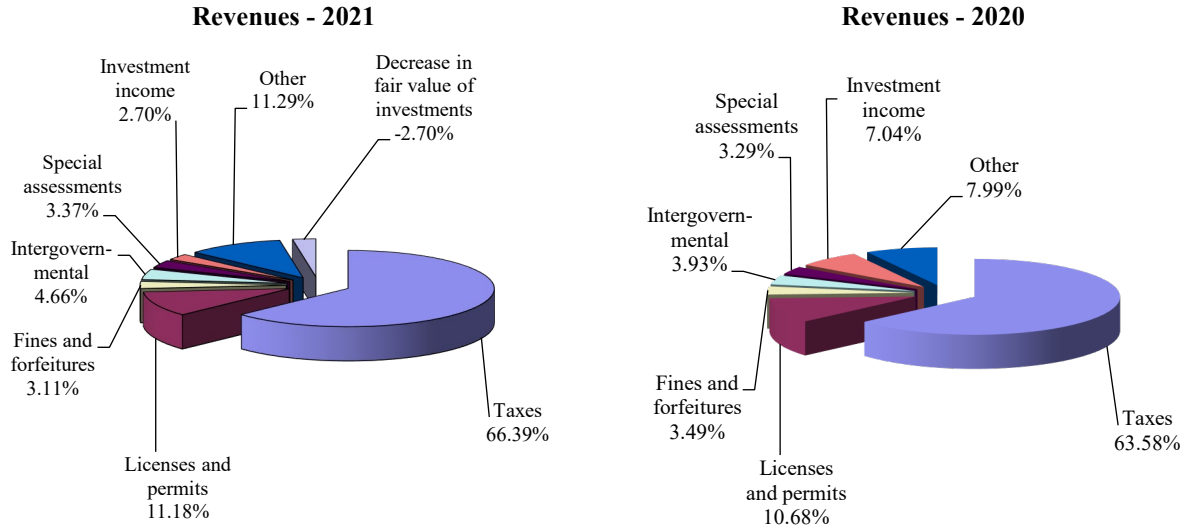
	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 1,058,516	\$ 1,008,863	4.92 %
Licenses and permits	178,211	169,521	5.13 %
Fines and forfeitures	49,554	55,352	(10.47) %
Intergovernmental	74,334	62,410	19.11 %
Special assessments	53,785	52,148	3.14 %
Investment income	43,103	111,697	(61.41) %
Decrease in fair value of investments	(43,131)	-	100.00 %
Other	<u>180,043</u>	<u>126,756</u>	42.04 %
Total	<u>\$ 1,594,415</u>	<u>\$ 1,586,747</u>	0.48 %

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Tax revenue represents 66.39% of all general fund revenue. Tax revenue increased 4.92% from the prior year primarily due to an increase in income tax collections. Investment income decreased \$68,594 due to decreased interest rates. Other revenues increased \$53,287 due primarily to an increase in refunds and other miscellaneous revenues received during 2021. During 2021 there was a decrease in fair value of investments of \$43,131. All other revenues remained comparable to 2020.

The following graphs show the breakdown of general fund revenues by type for 2021 and 2020:



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

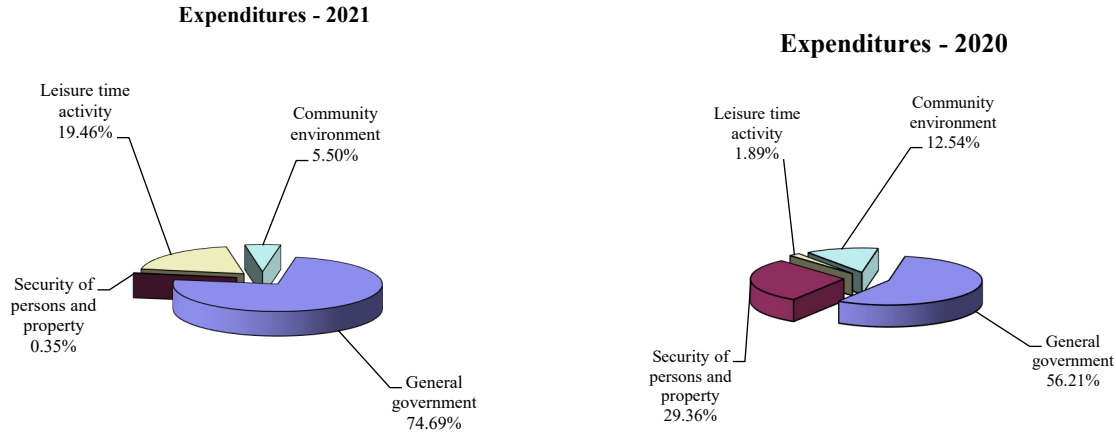
	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 734,257	\$ 628,989	16.74 %
Security of persons and property	3,424	328,558	(98.96) %
Community environment	191,302	140,374	36.28 %
Leisure time activity	<u>54,092</u>	<u>21,136</u>	155.92 %
Total	<u>\$ 983,075</u>	<u>\$ 1,119,057</u>	(12.15) %

The City decreased total expenditures by 12.15%. General government expenditures increased \$105,268 or 16.74% mostly due to an increase in contractual service expenditures. Security of persons and property expenditures decreased \$325,134 due primarily to a decrease in police salary and benefit expenditures as a result of the City using Coronavirus Relief monies to pay for police wages and benefits. Community environment expenditures increased \$50,928 primarily due to an increase in consulting service charges. Leisure time activities expenditures increased \$32,956 due to an increase in operating supplies expenditures.

CITY OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

The following graphs show the breakdown of general fund expenditures by function for 2021 and 2020:



Road Department Fund

The road department fund had revenues of \$396,756 in 2021. The expenditures of the road department fund totaled \$257,482 in 2021. The net increase in fund balance for the road department fund was \$139,274 or 20.25%.

Eagle Ridge TIF Fund

The Eagle Ridge TIF fund had revenues of \$420,119 in 2021. The expenditures and other financing uses of the Eagle Ridge TIF fund totaled \$408,226 in 2021. The net increase in fund balance for the Eagle Ridge TIF fund was \$11,893 or 65.61%.

Timber Ridge TIF Fund

The Timber Ridge TIF fund had revenues and other financing sources of \$1,085,366 in 2021. The expenditures of the Timber Ridge TIF fund totaled \$984,357 in 2021. The net increase in fund balance for the Timber Ridge TIF fund was \$101,009 or 67.86%.

Police Services Fund

The police services fund had revenues and other financing sources of \$871,821 in 2021. The expenditures of the police services fund totaled \$940,086 in 2021. The net decrease in fund balance for the police services fund was \$68,265 or 11.30%.

ARPA Fund

The ARPA fund had no revenues or expenditures in 2021. The ARPA fund had \$285,237 in unearned grant revenue. The ARPA fund will report revenue as expenditures are incurred.

Other Governmental Funds

The other governmental funds had revenues and other financing sources of \$910,008 in 2021. The expenditures of the other governmental funds totaled \$845,193 in 2021. The net increase in fund balance for the other governmental funds was \$64,815.

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

Budgeting Highlights – General Fund

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

In the general fund, the original budgeted revenues and other financing sources were \$1,300,922 and final budgeted revenues and other financing sources were \$1,381,922. Actual revenues and other financing sources of \$1,626,213 were more than final budgeted revenues by \$244,291. Final budgeted expenditures and other financing uses were \$187,959 higher than original budgeted expenditures and other financing uses. Actual expenditures and other financing uses of \$1,388,343 were \$253,041 lower than the final budgeted amounts, primarily due to expenditures for general government and community environment being less than budgeted.

Proprietary Funds

The City'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 City has three major enterprise funds: the sewer fund, water fund, and refuse fund.

Sewer Fund

The sewer fund had operating revenues of \$1,469,019 in 2021. The operating expenses of the sewer fund totaled \$1,146,831 in 2021. The sewer fund had non-operating revenues of \$7,100. The net increase in net position for the sewer fund was \$329,288 or 10.08%.

Water Fund

The water fund had operating revenues of \$597,734 in 2021. The operating expenses of the water fund totaled \$460,309 in 2021. The net increase in net position for the water fund was \$137,425 or 10.41%.

Refuse Fund

The refuse fund had operating revenues of \$503,870 in 2021. The operating expenses of the refuse fund totaled \$443,405 in 2021. The net increase in net position for the refuse fund was \$60,465 or 14.93%.

Capital Assets and Debt Administration

Capital Assets

At the end of 2021, the City had \$7,314,396 (net of accumulated depreciation) invested in land, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$6,003,409 was reported in governmental activities and \$1,310,987 was reported in business-type activities. See Note 9 for further description of capital assets.

CITY OF CARLISLE, OHIO

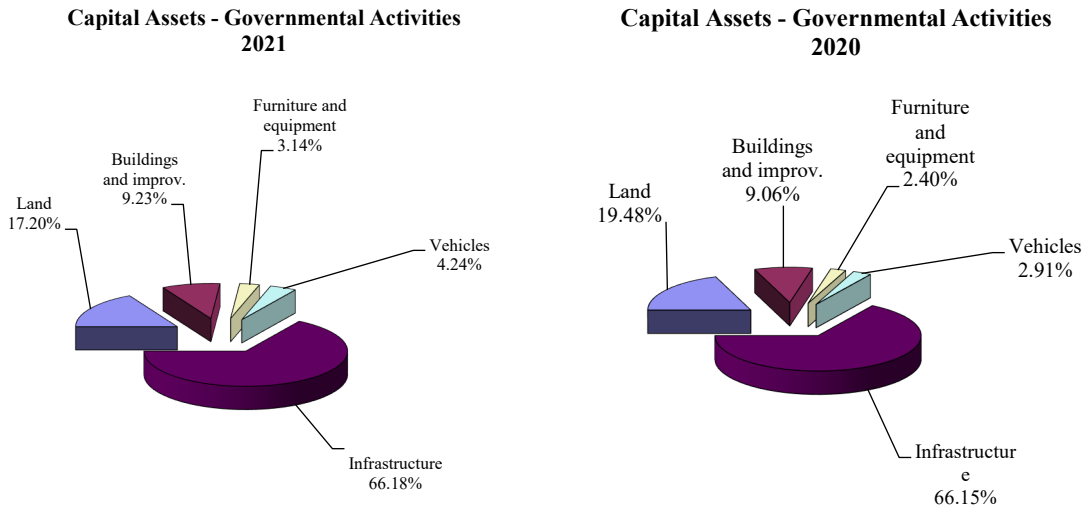
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

The following table shows December 31, 2021 balances compared to December 31, 2020:

**Capital Assets at December 31, 2021
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,032,568	\$ 1,244,234	\$ -	\$ -	\$ 1,032,568	\$ 1,244,234
Buildings and improvements	554,386	579,305	-	-	554,386	579,305
Furniture and equipment	188,702	153,564	28,851	32,067	217,553	185,631
Vehicles	254,725	186,080	18,607	-	273,332	186,080
Infrastructure	<u>3,973,028</u>	<u>4,227,581</u>	<u>1,263,529</u>	<u>1,572,640</u>	<u>5,236,557</u>	<u>5,800,221</u>
Totals	<u>\$ 6,003,409</u>	<u>\$ 6,390,764</u>	<u>\$ 1,310,987</u>	<u>\$ 1,604,707</u>	<u>\$ 7,314,396</u>	<u>\$ 7,995,471</u>

The following graphs show the breakdown of governmental capital assets by category for 2021 and 2020:



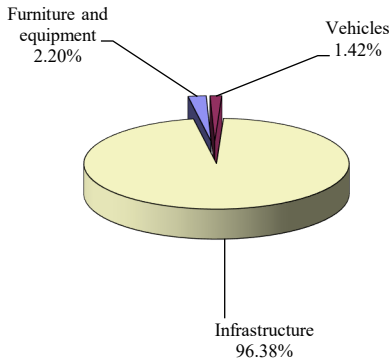
The City's infrastructure is the largest capital asset category. The net book value of the City's infrastructure represents approximately 66.18% of the City's total governmental capital assets.

CITY OF CARLISLE, OHIO

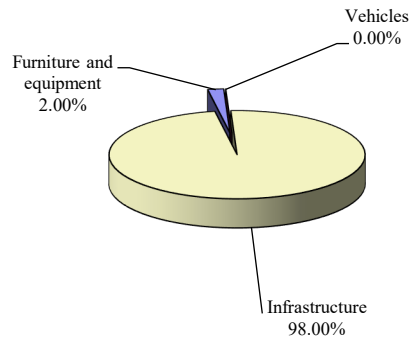
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The following graphs show the breakdown of business-type capital assets by category for 2021 and 2020.

Capital Assets - Business-Type Activities 2021



Capital Assets - Business-Type Activities 2020



The City’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 City’s infrastructure (cost less accumulated depreciation) represents approximately 96.38% of the City’s total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2021 and 2020:

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 65,000	\$ 90,000
General obligation notes	755,000	940,000
Special assessment bonds	<u>-</u>	<u>2,598</u>
Total long-term obligations	<u>\$ 820,000</u>	<u>\$ 1,032,598</u>

The decrease in general obligation notes is primarily due to the reclassification of short-term notes from long-term obligations to short-term liabilities in 2021 (see Note 19). Further detail on the City’s long-term obligations can be found in Note 11 to the financial statements.

Economic Conditions and Outlook

Located in the northernmost corner of Warren County and spreading into southern Montgomery County, Carlisle is a community with over 5,500 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 2020 US Census indicated that Carlisle had a population of 5,501. This compares to the 2010 US Census of 4,915, or a 12% increase. Due to Carlisle’s Census results certifying over 5,000 population, Carlisle will be classified as a city by the State of Ohio starting September 2021, from village status.

CITY OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

Although Carlisle is often thought of as a quiet bedroom community, the city has taken active steps to secure its financial future by the development of two business parks within the city 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 saw land sales and transaction in 2021, including sale to another taxing district; the Joint Emergency Medical Service (JEMS), which intends to build a new primary station for their operations and administration. The city continues to work with various agencies – both public and private – to market the economic development opportunities in Carlisle.

Despite the uncertainty surrounding the economy due to the COVID19 Pandemic, the city continues to carefully monitor two primary sources of revenue—local income taxes and shared intergovernmental (state) revenue. Impacts of the pandemic are still being felt from the initial global health crisis in 2020, including supply chain issues, labor shortages, and inflation eroding the purchasing power of revenue sources. 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 by adhering to a 20% minimum fund balance policy. To meet the objectives of the 2021 budget, the city utilizes an incremental budgeting approach to submit a budget to Council that balances the operational and capital needs with the available resources.

Local income tax collections for 2021 were stagnant compared to 2020. In order for the city to maintain its purchasing power and keep ahead of inflation, the desire is to see 2-3% increase annual for income tax collections. The city's largest employer – the Carlisle Local School District – continues to show financial stability after the opening of a new school campus in 2020. This new school campus adds to the pull-factor for further residential development.

The city continues to struggle to find ways to offset the previous funding reductions at both the State and Federal level as well as general downsizing/rightsizing in overall industry. However, the number of new residential housing has continued to increase in 2021 as compared to 2020 with 49 residential home permits issued versus 33 residential home permits in 2020; indicating the desire for individuals to want to live in Carlisle. This is indicated by the increased in total assessed valuation of the city. For 2021, the valuation totaled \$107,249,630, an increase over 2020's assessed valuation of \$90,453,940. The city continues to prepare itself financially for future lean revenue years with minimal disruption in local services. The city continues to rely heavily on shared-services and outsourcing to maximize funds. The city's Police Fund is in an operational deficit where the service-level desired is outpacing the resources being collected. Additional revenue is needed to maintain the Police Fund.

Contacting the City's Financial Management

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

CITY OF CARLISLE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 5,689,377	\$ 4,797,408	\$ 10,486,785
Receivables (net of allowances for uncollectibles):			
Income taxes	426,239	-	426,239
Property and other taxes	243,116	-	243,116
Payment in lieu of taxes	407,132	-	407,132
Accounts	22,561	112,765	135,326
Accrued interest	6,791	-	6,791
Special assessments	1,520	24,290	25,810
Due from other governments	430,083	55	430,138
Materials and supplies inventory	29,585	2,059	31,644
Prepayments	25,626	9,748	35,374
Net OPEB asset (See Note 14)	37,347	58,359	95,706
Net pension asset (See Note 13)	512	800	1,312
Capital assets:			
Nondepreciable capital assets	1,032,568	-	1,032,568
Depreciable capital assets, net	4,970,841	1,310,987	6,281,828
Total capital assets, net	<u>6,003,409</u>	<u>1,310,987</u>	<u>7,314,396</u>
Total assets	<u>13,323,298</u>	<u>6,316,471</u>	<u>19,639,769</u>
Deferred outflows of resources:			
Pension (See Note 13)	428,698	147,138	575,836
OPEB (See Note 14)	174,214	59,354	233,568
Total deferred outflows of resources	<u>602,912</u>	<u>206,492</u>	<u>809,404</u>
Total assets and deferred outflows of resources	<u>13,926,210</u>	<u>6,522,963</u>	<u>20,449,173</u>
Liabilities:			
Accounts payable	56,220	6,489	62,709
Accrued wages and benefits payable	13,057	8,276	21,333
Due to other governments	19,620	33,153	52,773
Accrued interest payable	24,629	-	24,629
Notes payable	185,000	-	185,000
Unearned revenue	285,237	-	285,237
Long-term liabilities:			
Due within one year	839,658	36,005	875,663
Due in more than one year:			
Net pension liability (See Note 13)	1,460,010	493,185	1,953,195
Net OPEB liability (See Note 14)	177,862	-	177,862
Other amounts due in more than one year	34,879	32,783	67,662
Total liabilities	<u>3,096,172</u>	<u>609,891</u>	<u>3,706,063</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	234,027	-	234,027
Payments in lieu of taxes levied for the next fiscal year	407,132	-	407,132
Pension (See Note 13)	244,466	213,896	458,362
OPEB (See Note 14)	191,298	179,646	370,944
Total deferred inflows of resources	<u>1,076,923</u>	<u>393,542</u>	<u>1,470,465</u>
Total liabilities and deferred inflows of resources	<u>4,173,095</u>	<u>1,003,433</u>	<u>5,176,528</u>
Net position:			
Net investment in capital assets	4,998,409	1,310,987	6,309,396
Restricted for:			
Debt service	74	-	74
Capital projects	5,353	-	5,353
Transportation projects	925,938	-	925,938
Public safety	1,518,714	-	1,518,714
Other purposes	28,455	-	28,455
Unrestricted	<u>2,276,172</u>	<u>4,208,543</u>	<u>6,484,715</u>
Total net position	<u>\$ 9,753,115</u>	<u>\$ 5,519,530</u>	<u>\$ 15,272,645</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 1,675,073	\$ 106,355	\$ -	\$ -
Security of persons and property	1,059,027	-	16,059	-
Public health and welfare	86,690	-	-	-
Transportation	478,436	-	539,372	-
Community environment	213,121	178,211	-	16,726
Leisure time activity	59,328	-	-	-
Interest and fiscal charges	24,473	2,755	-	-
Total governmental activities	<u>3,596,148</u>	<u>287,321</u>	<u>555,431</u>	<u>16,726</u>
Business-type activities:				
Sewer	1,146,831	1,469,019	-	-
Water	460,309	597,734	-	-
Refuse	443,405	503,870	-	-
Total business-type activities	<u>2,050,545</u>	<u>2,570,623</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 5,646,693</u>	<u>\$ 2,857,944</u>	<u>\$ 555,431</u>	<u>\$ 16,726</u>

General revenues:

Property taxes levied for:

 General purposes

 Fire

Income taxes levied for:

 General purposes

 Police services

Grants and entitlements not restricted to specific programs

Payments in lieu of taxes

Investment earnings

Decrease in fair value of investments

Gain on sale of capital assets

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (1,568,718)	\$ -	\$ (1,568,718)
(1,042,968)	-	(1,042,968)
(86,690)	-	(86,690)
60,936	-	60,936
(18,184)	-	(18,184)
(59,328)	-	(59,328)
(21,718)	-	(21,718)
(2,736,670)	-	(2,736,670)
-	322,188	322,188
-	137,425	137,425
-	60,465	60,465
-	520,078	520,078
(2,736,670)	520,078	(2,216,592)
76,276	-	76,276
137,258	-	137,258
1,015,958	-	1,015,958
507,990	-	507,990
362,047	-	362,047
1,057,033	-	1,057,033
46,352	-	46,352
(43,131)	-	(43,131)
-	7,100	7,100
210,687	-	210,687
3,370,470	7,100	3,377,570
633,800	527,178	1,160,978
9,119,315	4,992,352	14,111,667
\$ 9,753,115	\$ 5,519,530	\$ 15,272,645

CITY OF CARLISLE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Road Department	Eagle Ridge TIF	Timber Ridge TIF
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,565,847	\$ 746,585	\$ 30,020	\$ 349,711
Receivables:				
Income taxes	284,159	-	-	-
Property and other taxes	93,972	-	-	-
Payment in lieu of taxes	-	-	149,466	227,322
Accounts	22,273	-	-	-
Special assessments	1,520	-	-	-
Interfund loans	70,000	-	-	-
Accrued interest	6,791	-	-	-
Due from other governments	108,542	180,678	31,433	47,805
Materials and supplies inventory	4,251	24,369	-	-
Prepayments	6,591	1,329	-	-
Total assets	<u>\$ 3,163,946</u>	<u>\$ 952,961</u>	<u>\$ 210,919</u>	<u>\$ 624,838</u>
Liabilities:				
Accounts payable	\$ 49,861	\$ 2,521	\$ -	\$ -
Accrued wages and benefits	3,164	1,247	-	-
Due to other governments	4,129	1,289	-	-
Interfund loans payable	-	-	-	-
Notes payable	-	-	-	95,000
Accrued interest payable	-	-	-	4,861
Unearned revenue	-	-	-	-
Total liabilities	<u>57,154</u>	<u>5,057</u>	<u>-</u>	<u>99,861</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	91,240	-	-	-
Payments in lieu of taxes levied for the next fiscal year	-	-	149,466	227,322
Delinquent property tax revenue not available	2,732	-	-	-
Special assessments revenue not available	1,520	-	-	-
Accrued interest not available	2,942	-	-	-
Income tax revenue not available	134,280	-	-	-
Intergovernmental revenue not available	98,263	120,936	31,433	47,805
Total deferred inflows of resources	<u>330,977</u>	<u>120,936</u>	<u>180,899</u>	<u>275,127</u>
Total liabilities and deferred inflows of resources.	<u>388,131</u>	<u>125,993</u>	<u>180,899</u>	<u>374,988</u>
Fund balances:				
Nonspendable	10,842	25,698	-	-
Restricted	-	801,270	30,020	249,850
Committed	-	-	-	-
Assigned	73,283	-	-	-
Unassigned (deficit)	2,691,690	-	-	-
Total fund balances	<u>2,775,815</u>	<u>826,968</u>	<u>30,020</u>	<u>249,850</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,163,946</u>	<u>\$ 952,961</u>	<u>\$ 210,919</u>	<u>\$ 624,838</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Police Services	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
\$ 467,561	\$ 285,237	\$ 1,244,416	\$ 5,689,377
142,080	-	-	426,239
-	-	149,144	243,116
-	-	30,344	407,132
-	-	288	22,561
-	-	-	1,520
-	-	-	70,000
-	-	-	6,791
56	-	61,569	430,083
-	-	965	29,585
12,756	-	4,950	25,626
<u>\$ 622,453</u>	<u>\$ 285,237</u>	<u>\$ 1,491,676</u>	<u>\$ 7,352,030</u>
\$ 72	\$ -	\$ 3,766	56,220
8,646	-	-	13,057
10,600	-	3,602	19,620
-	-	70,000	70,000
-	-	90,000	185,000
-	-	4,508	9,369
-	285,237	-	285,237
<u>19,318</u>	<u>285,237</u>	<u>171,876</u>	<u>638,503</u>
-	-	142,787	234,027
-	-	30,344	407,132
-	-	6,357	9,089
-	-	-	1,520
-	-	-	2,942
67,140	-	-	201,420
-	-	45,185	343,622
<u>67,140</u>	<u>-</u>	<u>224,673</u>	<u>1,199,752</u>
<u>86,458</u>	<u>285,237</u>	<u>396,549</u>	<u>1,838,255</u>
12,756	-	5,915	55,211
523,239	-	829,786	2,434,165
-	-	404,244	404,244
-	-	-	73,283
-	-	(144,818)	2,546,872
<u>535,995</u>	<u>-</u>	<u>1,095,127</u>	<u>5,513,775</u>
<u>\$ 622,453</u>	<u>\$ 285,237</u>	<u>\$ 1,491,676</u>	<u>\$ 7,352,030</u>

CITY OF CARLISLE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

Total governmental fund balances	\$	5,513,775
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,003,409
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 201,420	
Property taxes receivable	9,089	
Accrued interest receivable	2,942	
Special assessments receivable	1,520	
Intergovernmental receivable	343,622	
Total		558,593
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	(15,260)	
General obligation bonds	(65,000)	
General obligation notes	(755,000)	
Compensated absences	(54,537)	
		(889,797)
The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability, and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	512	
Deferred outflows	428,698	
Deferred inflows	(244,466)	
Net pension liability	(1,460,010)	
		(1,275,266)
The net OPEB asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability, and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB asset	37,347	
Deferred outflows of resources	174,214	
Deferred inflows of resources	(191,298)	
Net OPEB liability	(177,862)	
Total		(157,599)
Net position of governmental activities	\$	9,753,115

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>Road Department</u>	<u>Eagle Ridge TIF</u>	<u>Timber Ridge TIF</u>
Revenues:				
Income taxes	\$ 982,332	\$ -	\$ -	\$ -
Property and other taxes	76,184	-	-	-
Licenses and permits	178,211	-	-	-
Fines and forfeitures	49,554	-	-	-
Intergovernmental	74,334	373,652	52,625	88,224
Special assessments	53,785	-	-	-
Investment income	43,103	3,413	-	-
Payment in lieu of taxes	-	-	367,494	617,142
Decrease in fair value of investments	(43,131)	-	-	-
Other	180,043	19,691	-	-
Total revenues	<u>1,594,415</u>	<u>396,756</u>	<u>420,119</u>	<u>705,366</u>
Expenditures:				
Current:				
General government	734,257	-	291,226	486,651
Security of persons and property	3,424	-	-	-
Public health and welfare	-	-	-	-
Transportation	-	230,410	-	-
Community environment	191,302	-	-	-
Leisure time activity	54,092	-	-	-
Capital outlay	-	-	-	10,781
Debt service:				
Principal retirement	-	23,125	-	475,000
Interest and fiscal charges	-	3,947	-	11,925
Total expenditures	<u>983,075</u>	<u>257,482</u>	<u>291,226</u>	<u>984,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>611,340</u>	<u>139,274</u>	<u>128,893</u>	<u>(278,991)</u>
Other financing sources (uses):				
Issuance of notes	-	-	-	380,000
Transfers in	-	-	-	-
Transfers (out)	(350,000)	-	(117,000)	-
Total other financing sources (uses)	<u>(350,000)</u>	<u>-</u>	<u>(117,000)</u>	<u>380,000</u>
Net change in fund balances	261,340	139,274	11,893	101,009
Fund balances at beginning of year	<u>2,514,475</u>	<u>687,694</u>	<u>18,127</u>	<u>148,841</u>
Fund balances at end of year	<u>\$ 2,775,815</u>	<u>\$ 826,968</u>	<u>\$ 30,020</u>	<u>\$ 249,850</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Police Services	Other Governmental Funds	Total Governmental Funds
\$ 491,177	\$ -	\$ 1,473,509
-	136,565	212,749
-	-	178,211
-	2,528	52,082
-	168,256	757,091
-	-	53,785
-	1,777	48,293
-	72,397	1,057,033
-	-	(43,131)
30,644	36,485	266,863
<u>521,821</u>	<u>418,008</u>	<u>4,056,485</u>
-	49,893	1,562,027
940,086	144,703	1,088,213
-	86,690	86,690
-	55,324	285,734
-	26,768	218,070
-	-	54,092
-	-	10,781
-	469,473	967,598
-	12,342	28,214
<u>940,086</u>	<u>845,193</u>	<u>4,301,419</u>
<u>(418,265)</u>	<u>(427,185)</u>	<u>(244,934)</u>
-	375,000	755,000
350,000	117,000	467,000
-	-	(467,000)
<u>350,000</u>	<u>492,000</u>	<u>755,000</u>
(68,265)	64,815	510,066
604,260	1,030,312	5,003,709
<u>\$ 535,995</u>	<u>\$ 1,095,127</u>	<u>\$ 5,513,775</u>

CITY 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, 2021

Net change in fund balances - total governmental funds	\$	510,066
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		
Capital asset additions	\$ 200,827	
Current year depreciation	<u>(376,516)</u>	
Total		(175,689)
The effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(211,666)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	50,439	
Property taxes	785	
Special assessments	488	
Investment income	(1,941)	
Intergovernmental revenues	<u>123,692</u>	
Total		173,463
The issuance of notes provides current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net position.		
		(755,000)
Repayment of bond and note proceeds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		967,598
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		3,741
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.		
		(5,589)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	153,763	
OPEB	<u>3,336</u>	
Total		157,099
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB /assetliability are reported as pension/OPEB expense in the statement of activities.		
Pension	(207,498)	
OPEB	<u>177,275</u>	
Total		<u>(30,223)</u>
Change in net position of governmental activities	\$	<u><u>633,800</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY 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, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 778,512	\$ 826,984	\$ 973,176	\$ 146,192
Property and other taxes	60,945	64,740	76,184	11,444
Licenses and permits	142,185	151,038	177,738	26,700
Fines and forfeitures	39,233	41,676	49,043	7,367
Intergovernmental	59,022	62,697	73,780	11,083
Special assessments	43,026	45,705	53,785	8,080
Investment income	34,818	36,986	43,524	6,538
Other	30,817	32,736	38,523	5,787
Total revenues	<u>1,188,558</u>	<u>1,262,562</u>	<u>1,485,753</u>	<u>223,191</u>
Expenditures:				
Current:				
General government	683,983	902,242	788,894	113,348
Security of persons and property	793	793	784	9
Community environment	375,514	329,514	194,486	135,028
Leisure time activity	43,135	58,835	54,179	4,656
Total expenditures	<u>1,103,425</u>	<u>1,291,384</u>	<u>1,038,343</u>	<u>253,041</u>
Excess (deficiency) of revenues over (under) expenditures	85,133	(28,822)	447,410	476,232
Other financing sources (uses):				
Sale of capital assets	112,364	119,360	140,460	21,100
Transfers (out)	(350,000)	(350,000)	(350,000)	-
Total other financing uses	<u>(237,636)</u>	<u>(230,640)</u>	<u>(209,540)</u>	<u>21,100</u>
Net change in fund balance	(152,503)	(259,462)	237,870	497,332
Fund balance at beginning of year	2,149,725	2,149,725	2,149,725	-
Prior year encumbrances appropriated	58,028	58,028	58,028	-
Fund balance at end of year	<u>\$ 2,055,250</u>	<u>\$ 1,948,291</u>	<u>\$ 2,445,623</u>	<u>\$ 497,332</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ROAD DEPARTMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 329,406	\$ 329,406	\$ 369,829	\$ 40,423
Investment income	3,040	3,040	3,413	373
Other	8,324	8,324	9,346	1,022
Total revenues	<u>340,770</u>	<u>340,770</u>	<u>382,588</u>	<u>41,818</u>
Expenditures:				
Current:				
Transportation	352,550	352,550	237,597	114,953
Debt service:				
Principal retirement	34,313	34,313	23,125	11,188
Interest and fiscal charges	5,857	5,857	3,947	1,910
Total expenditures	<u>392,720</u>	<u>392,720</u>	<u>264,669</u>	<u>128,051</u>
Excess of revenues under expenditures	(51,950)	(51,950)	117,919	169,869
Other financing sources:				
Sale of capital assets	<u>9,230</u>	<u>9,230</u>	<u>10,363</u>	<u>1,133</u>
Net change in fund balance	(42,720)	(42,720)	128,282	171,002
Fund balance at beginning of year	585,119	585,119	585,119	-
Prior year encumbrances appropriated	23,866	23,866	23,866	-
Fund balance at end of year	<u>\$ 566,265</u>	<u>\$ 566,265</u>	<u>\$ 737,267</u>	<u>\$ 171,002</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EAGLE RIDGE TIF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 47,330	\$ 52,063	\$ 52,625	\$ 562
Payment in lieu of taxes	330,520	363,572	367,494	3,922
Total revenues	<u>377,850</u>	<u>415,635</u>	<u>420,119</u>	<u>4,484</u>
Expenditures:				
Current:				
General government	291,125	291,400	291,226	174
Excess (deficiency) of revenues over (under) expenditures	86,725	124,235	128,893	4,658
Other financing uses:				
Transfers (out)	<u>(117,000)</u>	<u>(117,000)</u>	<u>(117,000)</u>	<u>-</u>
Net change in fund balance	(30,275)	7,235	11,893	4,658
Fund balance at beginning of year	18,127	18,127	18,127	-
Fund balance (deficit) at end of year	<u>\$ (12,148)</u>	<u>\$ 25,362</u>	<u>\$ 30,020</u>	<u>\$ 4,658</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY 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, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 142,012	\$ 142,012	\$ 88,224	\$ (53,788)
Payment in lieu of taxes	993,395	993,395	617,142	(376,253)
Total revenues	<u>1,135,407</u>	<u>1,135,407</u>	<u>705,366</u>	<u>(430,041)</u>
Expenditures:				
Current:				
General government	500,985	500,985	486,651	14,334
Capital outlay	11,099	11,099	10,781	318
Debt service:				
Principal retirement	669,145	669,145	650,000	19,145
Interest and fiscal charges	<u>11,010</u>	<u>11,010</u>	<u>10,695</u>	<u>315</u>
Total expenditures	<u>1,192,239</u>	<u>1,192,239</u>	<u>1,158,127</u>	<u>34,112</u>
Excess of revenues under expenditures	(56,832)	(56,832)	(452,761)	(395,929)
Other financing sources:				
Note issuance	<u>764,593</u>	<u>764,593</u>	<u>475,000</u>	<u>(289,593)</u>
Net change in fund balance	707,761	707,761	22,239	(685,522)
Fund balance at beginning of year	<u>327,472</u>	<u>327,472</u>	<u>327,472</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,035,233</u>	<u>\$ 1,035,233</u>	<u>\$ 349,711</u>	<u>\$ (685,522)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY 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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 512,627	\$ 512,627	\$ 486,597	\$ (26,030)
Other	28,475	28,475	27,029	(1,446)
Total revenues	<u>541,102</u>	<u>541,102</u>	<u>513,626</u>	<u>(27,476)</u>
Expenditures:				
Current:				
Security of persons and property	<u>891,240</u>	<u>964,330</u>	<u>956,291</u>	<u>8,039</u>
Excess (deficiency) of revenues over (under) expenditures	(350,138)	(423,228)	(442,665)	(19,437)
Other financing sources:				
Sale of capital assets	3,898	3,898	3,700	(198)
Transfers in	-	-	350,000	350,000
Total other financing sources	<u>3,898</u>	<u>3,898</u>	<u>353,700</u>	<u>349,802</u>
Net change in fund balance	(346,240)	(419,330)	(88,965)	330,365
Fund balance at beginning of year	638,298	638,298	638,298	-
Prior year encumbrances appropriated	<u>(100,340)</u>	<u>(100,340)</u>	<u>(100,340)</u>	<u>-</u>
Fund balance at end of year	<u>\$ 191,718</u>	<u>\$ 118,628</u>	<u>\$ 448,993</u>	<u>\$ 330,365</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 AMERICAN RESCUE PLAN FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ -	\$ 285,237	\$ 285,237	\$ -
Total revenues	<u>-</u>	<u>285,237</u>	<u>285,237</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	285,237	-	285,237
Total expenditures	<u>-</u>	<u>285,237</u>	<u>-</u>	<u>285,237</u>
Net change in fund balance	-	-	285,237	285,237
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 285,237</u></u>	<u><u>\$ 285,237</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2021

Business-type Activities - Enterprise Funds

	<u>Sewer</u>	<u>Water</u>	<u>Refuse</u>	<u>Total</u>
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 3,197,843	\$ 1,008,929	\$ 590,636	\$ 4,797,408
Receivables (net of allowance for uncollectibles):				
Accounts	78,216	34,549	-	112,765
Special assessments	21,580	-	2,710	24,290
Due from other governments	35	11	9	55
Materials and supplies inventory	830	1,132	97	2,059
Prepayments	5,630	2,629	1,489	9,748
Net pension asset (See Note 13)	511	144	145	800
Net OPEB asset (See Note 14)	37,276	10,507	10,576	58,359
Total current assets	<u>3,341,921</u>	<u>1,057,901</u>	<u>605,662</u>	<u>5,005,484</u>
Noncurrent assets:				
Capital assets:				
Total depreciable capital assets, net	<u>756,941</u>	<u>550,289</u>	<u>3,757</u>	<u>1,310,987</u>
Total capital assets, net	<u>756,941</u>	<u>550,289</u>	<u>3,757</u>	<u>1,310,987</u>
Total assets	<u>4,098,862</u>	<u>1,608,190</u>	<u>609,419</u>	<u>6,316,471</u>
Deferred outflows of resources:				
Pension (See Note 13)	85,328	35,877	25,933	147,138
OPEB (See Note 14)	32,320	16,375	10,659	59,354
Total deferred outflows of resources	<u>117,648</u>	<u>52,252</u>	<u>36,592</u>	<u>206,492</u>
Liabilities:				
Current liabilities:				
Accounts payable	98	6,366	25	6,489
Accrued wages and benefits	5,297	1,500	1,479	8,276
Compensated absences	23,147	6,572	6,286	36,005
Due to other governments	5,200	26,524	1,429	33,153
Total current liabilities	<u>33,742</u>	<u>40,962</u>	<u>9,219</u>	<u>83,923</u>
Long-term liabilities:				
Compensated absences	21,530	2,446	8,807	32,783
Net pension liability (See Note 13)	315,018	88,790	89,377	493,185
Total long-term liabilities	<u>336,548</u>	<u>91,236</u>	<u>98,184</u>	<u>525,968</u>
Total liabilities	<u>370,290</u>	<u>132,198</u>	<u>107,403</u>	<u>609,891</u>
Deferred inflows of resources:				
Pension (See Note 13)	136,019	38,337	39,540	213,896
OPEB (See Note 14)	113,895	32,266	33,485	179,646
Total deferred inflows of resources	<u>249,914</u>	<u>70,603</u>	<u>73,025</u>	<u>393,542</u>
Net position:				
Net investment in capital assets	756,941	550,289	3,757	1,310,987
Unrestricted	<u>2,839,365</u>	<u>907,352</u>	<u>461,826</u>	<u>4,208,543</u>
Total net position	<u>\$ 3,596,306</u>	<u>\$ 1,457,641</u>	<u>\$ 465,583</u>	<u>\$ 5,519,530</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Operating revenues:				
Charges for services	\$ 1,262,107	\$ 538,661	\$ 499,406	\$ 2,300,174
Tap-in fees	121,490	39,590	-	161,080
Other	85,422	19,483	4,464	109,369
Total operating revenues	<u>1,469,019</u>	<u>597,734</u>	<u>503,870</u>	<u>2,570,623</u>
Operating expenses:				
Personal services	225,950	88,410	63,552	377,912
Contract services	645,796	302,749	377,053	1,325,598
Materials and supplies	8,950	14,538	1,980	25,468
Transportation	825	225	225	1,275
Depreciation	264,664	53,704	421	318,789
Other	646	683	174	1,503
Total operating expenses	<u>1,146,831</u>	<u>460,309</u>	<u>443,405</u>	<u>2,050,545</u>
Operating income	<u>322,188</u>	<u>137,425</u>	<u>60,465</u>	<u>520,078</u>
Nonoperating revenues:				
Gain on sale of capital assets	<u>7,100</u>	<u>-</u>	<u>-</u>	<u>7,100</u>
Change in net position	329,288	137,425	60,465	527,178
Net position at beginning of year	<u>3,267,018</u>	<u>1,320,216</u>	<u>405,118</u>	<u>4,992,352</u>
Net position at end of year	<u>\$ 3,596,306</u>	<u>\$ 1,457,641</u>	<u>\$ 465,583</u>	<u>\$ 5,519,530</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,418,191	\$ 568,118	\$ 520,490	\$ 2,506,799
Cash received from other operations	85,422	19,483	4,464	109,369
Cash payments for personal services	(432,821)	(120,312)	(124,884)	(678,017)
Cash payments for contractual services	(620,387)	(324,870)	(376,009)	(1,321,266)
Cash payments for materials and supplies	(8,963)	(12,053)	(1,980)	(22,996)
Cash payments for transportation	(825)	(225)	(225)	(1,275)
Cash payments for other expenses	(544)	(658)	(149)	(1,351)
Net cash provided by operating activities	<u>440,073</u>	<u>129,483</u>	<u>21,707</u>	<u>591,263</u>
Cash flows from capital and related financing activities:				
Gain on sale of capital assets	7,100	-	-	7,100
Acquisition of capital assets	(15,986)	(5,562)	(3,522)	(25,070)
Net cash used in capital and related financing activities	<u>(8,886)</u>	<u>(5,562)</u>	<u>(3,522)</u>	<u>(17,970)</u>
Net increase in cash and cash equivalents	431,187	123,921	18,185	573,293
Cash and cash equivalents at beginning of year	<u>2,766,656</u>	<u>885,008</u>	<u>572,451</u>	<u>4,224,115</u>
Cash and cash equivalents at end of year	<u>\$ 3,197,843</u>	<u>\$ 1,008,929</u>	<u>\$ 590,636</u>	<u>\$ 4,797,408</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 322,188	\$ 137,425	\$ 60,465	\$ 520,078
Adjustments:				
Depreciation	264,664	53,704	421	318,789
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
(Increase) decrease in accounts receivable	41,878	(10,133)	22,213	53,958
(Increase) in special assessments receivable	(7,284)	-	(1,129)	(8,413)
(Increase) decrease in materials and supplies inventory	(13)	2,485	-	2,472
Decrease in prepayments	25,679	703	1,044	27,426
Decreases in due from other governments	67	14	16	97
(Increase) in net pension asset	(393)	(117)	(114)	(624)
(Increase) in net OPEB asset	(37,276)	(10,507)	(10,576)	(58,359)
(Increase) decrease in deferred outflows of resources - pension	39,602	(16,243)	(947)	22,412
(Increase) decrease in deferred outflows of resources - OPEB	33,854	(6,166)	3,705	31,393
Increase (decrease) in accounts payable	(222)	6,351	12	6,141
Increase in accrued wages and benefits	652	452	358	1,462
(Decrease) in due to other governments	(1,719)	(4,612)	(277)	(6,608)
Increase in compensated absences payable	624	820	2,501	3,945
(Decrease) in net pension liability	(87,677)	(2,815)	(16,782)	(107,274)
(Decrease) in net OPEB liability	(278,980)	(63,462)	(73,545)	(415,987)
Increase in deferred inflows of resources - pension	50,563	18,898	14,353	83,814
Increase in deferred inflows of resources - OPEB	73,866	22,686	19,989	116,541
Net cash provided by operating activities	<u>\$ 440,073</u>	<u>\$ 129,483</u>	<u>\$ 21,707</u>	<u>\$ 591,263</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF FIUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021

	<u>Custodial</u>
Assets:	
Cash in segregated accounts	\$ 7,213
Liabilities:	
Due to other governments	<u>7,213</u>
Net position:	
Restricted for individuals, organizations and other governments	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Custodial</u>
Additions:	
Fines and forfeitures for other governments	\$ 10,253
Deductions:	
Fines and forfeitures distributions to other governments	<u>10,253</u>
Net change in fiduciary net position	-
Net position beginning of year	<u>-</u>
Net position end of year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - DESCRIPTION OF THE CITY

The City of Carlisle, Warren County, Ohio (the “City”), 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 City is directed by a publicly elected Mayor and six-member Council. The City provides water and sewer utilities, park operations, police services and a planning and zoning department. The City provides fire services through its volunteer fire department.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City 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 City’s significant accounting policies are described below.

A. Reporting Entity

The City’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 City’s BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City 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 City. The City 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 City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s basic financial statements to be misleading or incomplete.

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

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

B. Basis of Presentation - Fund Accounting

The City’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 City 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 City that are governmental and those that are considered business-type activities.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. 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 City, 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 City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City 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 City 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 City's proprietary funds are charges for sales and services. Operating expenses for the enterprise fund include personnel and other expenses related to sewer, water and refuse operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Fund Accounting

The City 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 City's major governmental funds:

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

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

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

American Rescue Plan Fund - This fund is used to account for federal grants received to help offset the financial effects of the COVID-19 pandemic.

Other governmental funds of the City 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 City 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 City's major enterprise funds:

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

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City does not have any trust funds. The City's custodial fund accounts for revenues and expenses for other entities from the Mayor's Court.

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 City 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.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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 City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds. Fiduciary funds are accounted for on a flow of economic resources measurement focus.

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 City, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the City 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 City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are required to be budgeted and appropriated. The legal level of budgetary control is at the object level for all funds. Budgetary modifications may only be made by resolution of the City 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 City 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 City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to January 1, the City 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 2021.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

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

G. Cash and Cash Equivalents

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

The City has segregated bank accounts for monies held separate from the City'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 City treasury. There was no outstanding balance at December 31, 2021.

During 2021, investments were limited to Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, Federal Farm Credit Bureau (FFCB) securities, Federal Home Loan Bank (FHLB) securities, commercial paper, U.S. Treasury Notes, negotiable CDs, and U.S. Government Money Market Mutual Funds. Investments are reported at fair market value.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2021 amounted to \$43,103 which includes \$18,033 assigned from other City 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 City'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.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’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 City 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 City 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 City 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. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

L. Interfund Activity

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

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

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

M. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2021, 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 City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless City 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.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City 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 City 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 City 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 City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. During 2021, the City 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.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2021, the City has implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period."

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the City.

For 2021, the City has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2021 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
SR 123/Reconstruction Phase IV	\$ 15,553
SR 123/Reconstruction Phase V	30,464
SR 123/Reconstruction Phase VI	23,676
SR 123/Reconstruction Phase VII	5,131
SR 123/Reconstruction Phase X	69,994
	<u>\$ 144,818</u>

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the City 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

1. Bonds of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
2. Bonds of any municipal corporation, City, 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 City.

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

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

A. Deposits with Financial Institutions

At December 31, 2021, the carrying amount of all City deposits was \$7,396,622 and the bank balance of all City deposits was \$7,467,881. Of the bank balance, \$250,000 was covered by the FDIC and \$7,217,881 was covered by the Ohio Pooled Collateral System.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the City’s deposits were fully collateralized through participation in the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

As of December 31, 2021, the City had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	Greater than 24 months
<i>Fair value:</i>					
FFCB	\$ 149,969	\$ 149,969	\$ -	\$ -	\$ -
FHLMC	93,059	-	-	-	93,059
FNMA	122,245	-	-	-	122,245
FHLB	408,498	-	-	-	408,498
Negotiable CD's	1,354,909	248,073	602,981	503,855	-
U.S. Government money market	5,234	5,234	-	-	-
Commercial Paper	764,524	664,709	99,815	-	-
U.S Treasury Notes	198,938	-	-	198,938	-
Total	<u>\$ 3,097,376</u>	<u>\$ 1,067,985</u>	<u>\$ 702,796</u>	<u>\$ 702,793</u>	<u>\$ 623,802</u>

The weighted average of maturity of investments is 1.22 years.

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

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

Credit Risk: The City’s investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The City’s investments in commercial paper were rated A-1+ and P-1 by Standard & Poor’s and Moody’s Investor Services, respectively. The U.S. Government Money Market Mutual Funds were rated AAAM by Standard & Poor’s. Negotiable CDs are not rated but are fully insured by the FDIC. The City’s investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The City’s investment policy does not place specific limits on the percentage of the City’s portfolio that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement</u>	
	<u>Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
FFCB	\$ 149,969	4.84%
FHLMC	93,059	3.00%
FNMA	122,245	3.95%
FHLB	408,498	13.19%
Negotiable CD's	1,354,909	43.75%
U.S. Government money market	5,234	0.17%
Commercial Paper	764,524	24.68%
U.S Treasury Notes	<u>198,938</u>	<u>6.42%</u>
Total	<u>\$ 3,097,376</u>	<u>100.00%</u>

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, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 7,389,409
Investments	3,097,376
Cash in segregated accounts	<u>7,213</u>
Total	<u>\$ 10,493,998</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 5,689,377
Business type activities	4,797,408
Custodial funds	<u>7,213</u>
Total	<u>\$ 10,493,998</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2021, consisted of the following, as reported on the fund financial statements:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General fund	Police services	\$ 350,000
Eagle Ridge TIF fund	Nonmajor governmental funds	<u>117,000</u>
Total		<u>\$ 467,000</u>

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

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

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

B. Interfund loans consisted of the following at December 31, 2021, as reported on the fund financial statements:

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

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

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. 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. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 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 City of Carlisle. The County Auditor periodically remits to the City 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, 2021 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 2021 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.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 6 - PROPERTY TAXES – (Continued)

The full tax rate for all City operations for the year ended December 31, 2021 was \$2.92 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2021 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 88,761,280
Commercial/industrial/mineral	10,352,990
<u>Public utility</u>	
Personal	<u>8,135,360</u>
Total assessed value	<u>\$ 107,249,630</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2021, consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services), accrued interest, special assessments, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2021.

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

Governmental activities:

Income taxes	\$ 426,239
Property and other taxes	243,116
Payment in lieu of taxes	407,132
Accounts	22,561
Accrued interest	6,791
Special assessments	1,520
Due from other governments	430,083

Business-type activities:

Accounts	112,765
Special assessments	24,290
Due from other governments	55

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

NOTE 8 - MUNICIPAL INCOME TAXES

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

The City’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 2021 was \$1,473,509 as reported in the fund financial statements.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the governmental activities for the year ended December 31, 2021, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/21</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,244,234	\$ -	\$ (211,666)	\$ 1,032,568
Total capital assets, not being depreciated	<u>1,244,234</u>	<u>-</u>	<u>(211,666)</u>	<u>1,032,568</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,331,225	-	-	1,331,225
Furniture and equipment	457,713	61,615	(29,909)	489,419
Vehicles	720,386	139,212	(46,702)	812,896
Infrastructure	<u>6,347,260</u>	<u>-</u>	<u>-</u>	<u>6,347,260</u>
Total capital assets, being depreciated	<u>8,856,584</u>	<u>200,827</u>	<u>(76,611)</u>	<u>8,980,800</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(751,920)	(24,919)	-	(776,839)
Furniture and equipment	(304,149)	(26,477)	29,909	(300,717)
Vehicles	(534,306)	(70,567)	46,702	(558,171)
Infrastructure	<u>(2,119,679)</u>	<u>(254,553)</u>	<u>-</u>	<u>(2,374,232)</u>
Total accumulated depreciation	<u>(3,710,054)</u>	<u>(376,516)</u>	<u>76,611</u>	<u>(4,009,959)</u>
Total capital assets, being depreciated, net	<u>5,146,530</u>	<u>(175,689)</u>	<u>-</u>	<u>4,970,841</u>
Governmental activities capital assets, net	<u>\$ 6,390,764</u>	<u>\$ (175,689)</u>	<u>\$ (211,666)</u>	<u>\$ 6,003,409</u>

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

<u>Governmental activities:</u>	
General government	\$ 24,987
Security of persons and property	46,700
Community environment	2,124
Transportation	297,469
Leisure time activity	<u>5,236</u>
Total depreciation expense - governmental activities	<u>\$ 376,516</u>

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities

Capital asset activity for the business-type activities for the year ended December 31, 2021, was as follows:

	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/21</u>
<u>Business-type activities:</u>				
<i>Capital assets, being depreciated</i>				
Furniture and equipment	\$ 242,746	\$ 4,394	\$ -	\$ 247,140
Vehicles	48,015	20,675	-	68,690
Infrastructure	<u>12,912,124</u>	<u>-</u>	<u>-</u>	<u>12,912,124</u>
Total capital assets, being depreciated	<u>13,202,885</u>	<u>25,069</u>	<u>-</u>	<u>13,227,954</u>
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	(210,679)	(7,610)	-	(218,289)
Vehicles	(48,015)	(2,068)	-	(50,083)
Infrastructure	<u>(11,339,484)</u>	<u>(309,111)</u>	<u>-</u>	<u>(11,648,595)</u>
Total accumulated depreciation	<u>(11,598,178)</u>	<u>(318,789)</u>	<u>-</u>	<u>(11,916,967)</u>
Business-type activities capital assets, net	<u>\$ 1,604,707</u>	<u>\$ (293,720)</u>	<u>\$ -</u>	<u>\$ 1,310,987</u>

Depreciation was charged to departments of the City as follows:

<u>Business-type activities:</u>	
Sewer	\$ 264,664
Water	53,704
Refuse	<u>421</u>
Total depreciation expense - business-type activities	<u>\$ 318,789</u>

NOTE 10 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned, unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of one-half of the 960 hours maximum of accumulated, unused sick leave. As of December 31, 2021, the liability for unpaid compensated absences was \$123,325 for the entire City.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - LONG-TERM OBLIGATIONS

During 2021, the following changes occurred in the City's long-term obligations.

	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/21</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities					
<u>General obligation bonds:</u>					
Road Improvements Bond	\$ 90,000	\$ -	\$ (25,000)	\$ 65,000	\$ 35,000
<u>General obligation notes:</u>					
<i>Direct Placement:</i>					
SR 123 Reconstruction Note	465,000	375,000	(465,000)	375,000	375,000
Timber Ridge TIF Note	<u>475,000</u>	<u>380,000</u>	<u>(475,000)</u>	<u>380,000</u>	<u>380,000</u>
Total general obligation notes	<u>940,000</u>	<u>755,000</u>	<u>(940,000)</u>	<u>755,000</u>	<u>755,000</u>
<u>Special assessment bonds:</u>					
<i>Direct Placement:</i>					
Jamaica Road Improvements	2,598	-	(2,598)	-	-
<u>Other long-term obligations:</u>					
Net pension liability	1,418,497	109,371	(67,858)	1,460,010	-
Net OPEB liability	417,429	26,098	(265,665)	177,862	-
Compensated absences	<u>48,948</u>	<u>50,169</u>	<u>(44,580)</u>	<u>54,537</u>	<u>49,658</u>
Total other long-term obligations	<u>1,884,874</u>	<u>185,638</u>	<u>(378,103)</u>	<u>1,692,409</u>	<u>49,658</u>
Total governmental activities long-term obligations	<u>\$ 2,917,472</u>	<u>\$ 940,638</u>	<u>\$(1,345,701)</u>	<u>\$ 2,512,409</u>	<u>\$ 839,658</u>
Business-type activities					
<u>Other long-term obligations:</u>					
Net pension liability	\$ 600,459	\$ -	\$ (107,274)	\$ 493,185	\$ -
Net OPEB liability	415,987	-	(415,987)	-	-
Compensated absences	<u>64,843</u>	<u>39,668</u>	<u>(35,723)</u>	<u>68,788</u>	<u>36,005</u>
Total business-type activities long-term obligations	<u>\$ 1,081,289</u>	<u>\$ 39,668</u>	<u>\$(58,984)</u>	<u>\$ 561,973</u>	<u>\$ 36,005</u>

Road Improvement General Obligation Bonds

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

SR 123 Reconstruction Note

On May 8, 2020, the City issued a \$555,000 general obligation note for the purpose of reconstructing and improving SR 123. The note bore an interest rate of 4.00% and matured on May 7, 2021. Upon retirement of the note, on May 7, 2021, the City reissued a \$465,000 general obligation note for the same purpose. The 2021 note bears an interest rate of 4.00% and will mature on May 6, 2022. The 2021 note was refinanced subsequent to year-end on May 6, 2022 (see Note 22). The short-term portion of the note, representing the amount retired when the notes were refinanced, is reported as a short-term note payable (see Note 19 for detail) with the remainder being reported as a long-term obligation. Principal and interest payments are being made from the SR 123 Reconstruction fund (a nonmajor governmental fund). The SR 123 Reconstruction Note was a direct placement with terms negotiated directly between the City and the investor and were not offered for public sale.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Timber Ridge TIF Note

On April 25, 2020, the City issued a \$650,000 general obligation note for the purpose of road construction and improvements at Timber Ridge. The note bore an interest rate of 5.00% and matured on April 24, 2021. Upon retirement of the note, on April 24, 2021, the City reissued a \$475,000 general obligation note for the same purpose. The 2021 note bears an interest rate of 5.00% and will mature on April 23, 2022. The 2021 note was refinanced subsequent to year-end on April 23, 2022 (see Note 22). The short-term portion of the note, representing the amount retired when the notes were refinanced, is reported as a short-term note payable (see Note 19 for detail) with the remainder being reported as a long-term obligation. Principal and interest payments are reported in the Timber Ridge TIF fund. The Timber Ridge TIF Note was a direct placement with terms negotiated directly between the City and the investor and were not offered for public sale.

Special Assessment Bonds

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

The Jamaica Road improvement bonds were issued on May 3, 2001, bear an interest rate of 6.00% and matured on May 3, 2021. Principal and interest payments were made from the are being made from the Jamaica Road Special Assessment Debt Service fund (a nonmajor governmental fund). The Jamaica Road Improvement special assessment bonds were a direct placement with terms negotiated directly between the City and the investor and were not offered for public sale.

Net Pension Liability and Net OPEB Liability

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

Compensated Absences

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

Debt Margin - The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2021, the City's total debt margin was \$10,696,556 and the unvoted debt margin was \$6,129,348.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements - Principal and interest requirements to retire the City's bonds outstanding at December 31, 2021 were:

Year Ending December 31,	Road Improvements General Obligation Bonds		
	Principal	Interest	Total
2022	\$ 35,000	\$ 2,880	\$ 37,880
2023	30,000	1,440	31,440
Total	<u>\$ 65,000</u>	<u>\$ 4,320</u>	<u>\$ 69,320</u>

NOTE 12 - RISK MANAGEMENT

The City 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 2021, the City contracted with The Ohio Plan for various types of insurance. The risk of loss transfers to the insurance carrier upon payment of the premium. The following is a summary of the City's insurance coverage:

<u>Company</u>	<u>Type</u>	<u>Deductible</u>	<u>Coverage</u>
The Ohio Plan	Commercial Property	\$1,000	\$4,082,536
The Ohio Plan	Scheduled & Misc. Equipment	\$1,000	\$881,135
The Ohio Plan	Auto Comprehensive & Collision	\$500	ACV
The Ohio Plan	Emergency Auto Comprehensive & Collision	\$500	RC
The Ohio Plan	Auto Liability	-	\$5,000,000
The Ohio Plan	General Liability	-	\$5,000,000 per occurrence \$7,000,000 aggregate
The Ohio Plan	Public Officials Liability	\$5,000	\$5,000,000 per occurrence \$7,000,000 aggregate
The Ohio Plan	Employee Bonding		
	- City Manager	-	\$35,000
	- Finance Director	-	\$35,000
	- Public Employee	\$2,500	\$250,000
The Ohio Plan	Law Enforcement Operations	\$5,000	\$5,000,000 per occurrence \$7,000,000 aggregate
The Ohio Plan	Wrongful Acts	\$5,000	\$5,000,000

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police officers, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$136,745 for 2021. Of this amount, \$12,536 is reported as intergovernmental payable.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	Police
2021 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2021 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$100,401 for 2021. Of this amount, \$9,919 is reported as due to other governments.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00497800%	0.00761100%	0.01536430%	
Proportion of the net pension liability/asset current measurement date	0.00546200%	0.00719000%	0.01678710%	
Change in proportionate share	0.00048400%	-0.00042100%	0.00142280%	
Proportionate share of the net pension liability	\$ 808,803	\$ -	\$ 1,144,392	\$ 1,953,195
Proportionate share of the net pension asset	-	(1,312)	-	(1,312)
Pension expense	160,157	(940)	129,991	289,208

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	Member- Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ -	\$ 907	\$ 47,839	\$ 48,746
Changes of assumptions	-	36	19,191	19,227
Changes in employer's proportionate percentage/ difference between employer contributions	119,701	-	151,016	270,717
Contributions subsequent to the measurement date	132,298	4,447	100,401	237,146
Total deferred outflows of resources	<u>\$ 251,999</u>	<u>\$ 5,390</u>	<u>\$ 318,447</u>	<u>\$ 575,836</u>

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 33,833	\$ -	\$ 44,584	\$ 78,417
Net difference between projected and actual earnings on pension plan investments	315,250	141	55,510	370,901
Changes in employer's proportionate percentage/ difference between employer contributions	949	-	8,095	9,044
Total deferred inflows of resources	<u>\$ 350,032</u>	<u>\$ 141</u>	<u>\$ 108,189</u>	<u>\$ 458,362</u>

\$237,146 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2022.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:				
2022	\$ (41,539)	\$ 101	\$ 32,092	\$ (9,346)
2023	(17,294)	121	60,058	42,885
2024	(128,502)	93	(13,730)	(142,139)
2025	(42,996)	108	19,817	(23,071)
2026	-	114	11,620	11,734
Thereafter	-	265	-	265
Total	<u>\$ (230,331)</u>	<u>\$ 802</u>	<u>\$ 109,857</u>	<u>\$ (119,672)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 then 2.15% simple.

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.70% for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 1,542,797	\$ 808,803	\$ 198,489
Member-Directed Plan	(1,150)	(1,312)	(1,438)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented below.

Valuation date	1/1/20 with actuarial liabilities rolled forward to 12/31/20
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of
	inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 1,593,140	\$ 1,144,392	\$ 768,835

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 14 for a description of the net OPEB liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,779 for 2021. Of this amount, \$163 is reported as due to other governments.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$2,642 for 2021. Of this amount, \$261 is reported as due to other governments.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability			
prior measurement date	0.00493500%	0.01536430%	
Proportion of the net OPEB liability/asset			
current measurement date	<u>0.00537200%</u>	<u>0.01678710%</u>	
Change in proportionate share	<u>0.00043700%</u>	<u>0.00142280%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 177,862	\$ 177,862
OPEB asset	(95,706)	-	(95,706)
OPEB expense	(520,341)	17,739	(502,602)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Changes of assumptions	47,050	98,257	145,307
Changes in employer's proportionate percentage/ difference between employer contributions	58,511	25,329	83,840
Contributions subsequent to the measurement date	1,779	2,642	4,421
Total deferred outflows of resources	<u>\$ 107,340</u>	<u>\$ 126,228</u>	<u>\$ 233,568</u>

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 86,375	\$ 29,338	\$ 115,713
Net difference between projected and actual earnings on OPEB plan investments	50,974	6,612	57,586
Changes of assumptions	155,073	28,354	183,427
Changes in employer's proportionate percentage/ difference between employer contributions	1,335	12,883	14,218
Total deferred inflows of resources	<u>\$ 293,757</u>	<u>\$ 77,187</u>	<u>\$ 370,944</u>

\$4,421 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022.

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2022	\$ (85,338)	\$ 8,351	\$ (76,987)
2023	(74,699)	9,913	(64,786)
2024	(22,150)	7,449	(14,701)
2025	(6,009)	8,898	2,889
2026	-	5,698	5,698
Thereafter	-	6,090	6,090
Total	<u>\$ (188,196)</u>	<u>\$ 46,399</u>	<u>\$ (141,797)</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

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

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.50% for 2020.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20- year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Change in Benefit Terms - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	\$ 23,798	\$ 95,706	\$ 154,821

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 98,039	\$ 95,706	\$ 93,097

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.96%
Prior measurement date	3.56%
Cost of Living Adjustments	2.20% simple per year

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

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

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

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

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

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

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

Note: assumptions are geometric.

* levered 2.5x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12% at December 31, 2020 and 2.75% at December 31, 2019, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 2.96% for 2020 and 3.56% for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96%), or one percentage point higher (3.96%) than the current rate.

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 221,784	\$ 177,862	\$ 141,632

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (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).

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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>Road Department</u>	<u>Eagle Ridge TIF</u>	<u>Timber Ridge TIF</u>	<u>Police Services</u>	<u>ARPA</u>
Budget basis	\$ 237,870	\$ 128,282	\$ 11,893	\$ 22,239	\$ (88,965)	\$ 285,237
Net adjustment for revenue accruals	107,456	14,168	-	-	8,195	(285,237)
Net adjustment for expenditure accruals	(44,623)	(2,131)	-	173,770	(2,363)	-
Net adjustment for other sources/uses	(140,460)	(10,363)	-	(95,000)	(3,700)	-
Funds budgeted elsewhere	1,206	-	-	-	-	-
Adjustment for encumbrances	<u>99,891</u>	<u>9,318</u>	<u>-</u>	<u>-</u>	<u>18,568</u>	<u>-</u>
GAAP basis	<u>\$ 261,340</u>	<u>\$ 139,274</u>	<u>\$ 11,893</u>	<u>\$ 101,009</u>	<u>\$ (68,265)</u>	<u>\$ -</u>

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CITY OF CARLISLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 16 - FUND BALANCE

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

Fund cash balance	General	Road	Eagle Ridge TIF	Timber Ridge TIF	Police Services	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Materials and supplies inventory	\$ 4,251	\$ 24,369	\$ -	\$ -	\$ -	\$ 965	\$ 29,585
Prepays	6,591	1,329	-	-	12,756	4,950	25,626
Total nonspendable	10,842	25,698	-	-	12,756	5,915	55,211
Restricted:							
General government	-	-	30,020	-	-	257,408	287,428
Capital improvements	-	-	-	249,850	-	23	249,873
Security of persons and property	-	-	-	-	523,239	413,842	937,081
Community environment programs	-	-	-	-	-	5,330	5,330
Transportation	-	801,270	-	-	-	98,524	899,794
Other purposes	-	-	-	-	-	54,659	54,659
Total restricted	-	801,270	30,020	249,850	523,239	829,786	2,434,165
Committed:							
Transportation	-	-	-	-	-	311,818	311,818
Capital improvements	-	-	-	-	-	92,426	92,426
Total committed	-	-	-	-	-	404,244	404,244
Assigned:							
General government	55,003	-	-	-	-	-	55,003
Subsequent year appropriations	18,270	-	-	-	-	-	18,270
Leisure time activities	10	-	-	-	-	-	10
Total assigned	73,283	-	-	-	-	-	73,283
Unassigned (deficit)	2,691,690	-	-	-	-	(144,818)	2,546,872
Total fund cash balances	\$ 2,775,815	\$ 826,968	\$ 30,020	\$ 249,850	\$ 535,995	\$ 1,095,127	\$ 5,513,775

NOTE 17 - OTHER COMMITMENTS

The City 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 City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 52,420
Road department fund	6,818
Police services fund	18,508
Nonmajor governmental funds	14,200
Total	\$ 91,946

CITY OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 18 - CONTINGENCIES

A. Grants

The City 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 City at December 31, 2021.

B. Litigation

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

NOTE 19 - SHORT-TERM NOTES PAYABLE

Changes in the City's short-term note activity for the year ended December 31, 2021, was as follows:

	Balance		Balance	
	<u>12/31/2020</u>	<u>Issued</u>	<u>Retired</u>	<u>12/31/2021</u>
<u>Governmental fund notes</u>				
<i>Direct Placements:</i>				
SR 123 Reconstruction Note	\$ 90,000	\$ 90,000	\$ (90,000)	\$ 90,000
Timber Ridge TIF Note	<u>175,000</u>	<u>95,000</u>	<u>(175,000)</u>	<u>95,000</u>
Total governmental fund notes	<u>\$ 265,000</u>	<u>\$ 185,000</u>	<u>\$ (265,000)</u>	<u>\$ 185,000</u>

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

SR 123 Reconstruction Note

On May 8, 2020, the City issued a \$555,000 general obligation note for reconstructing and improving SR 123. The note bore an interest rate of 4.00% and matured on May 7, 2021. At December 31, 2020, the short-term portion of the note payable (\$90,000) represented the portion of the 2020 note issue that was retired when the notes were refinanced in 2021. On May 7, 2021, the City reissued a \$465,000 general obligation note for the same purpose. The 2021 note bears an interest rate of 4.00% and will mature on May 6, 2022. At December 31, 2021, the short-term portion of the note payable (\$90,000) represents the portion of the 2021 note issue that was retired when the notes were refinanced on May 6, 2022 (see Note 22 for detail). The short-term note liability is reflected in the fund which received the proceeds.

Timber Ridge TIF Note

On April 25, 2020, the City issued a \$650,000 general obligation note for the purpose of road construction and improvements at Timber Ridge. The note bore an interest rate of 5.00% and matured on April 24, 2021. At December 31, 2020, the short-term portion of the note payable (\$175,000) represented the portion of the 2020 note issue that was retired when the notes were refinanced in 2021. On April 24, 2021, the City reissued an \$475,000 general obligation note for the same purpose. The 2021 note bears an interest rate of 5.00% and will mature on April 23, 2022. At December 31, 2021, the short-term portion of the note payable (\$95,000) represents the portion of the 2021 note issue that was retired when the notes were refinanced on April 23, 2022 (see Note 22 for detail). The short-term note liability is reflected in the fund which received the proceeds.

CITY OF CARLISLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 20 - TAX ABATEMENTS

As of December 31, 2021, the City provides tax abatements through Community Reinvestment Area (CRA). This program relates to the abatement of property taxes.

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

During 2021, the City's property tax revenues were reduced by \$1,170 as a result of these agreements.

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 22 - SIGNIFICANT SUBSEQUENT EVENTS

On May 6, 2022, the City retired the \$465,000 SR 123 Reconstruction general obligation note and reissued a new \$375,000 note for the same purpose. The new note bears an interest rate that shall not be in excess of 5.00% and will mature on May 5, 2023.

On April 23, 2022, the City retired the \$475,000 Timber Ridge TIF general obligation note and reissued a new \$380,000 note for the same purpose. The new note bears an interest rate of 5.00% and will mature on April 22, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.005462%	0.004978%	0.004299%	0.004083%
City's proportionate share of the net pension liability	\$ 808,803	\$ 983,935	\$ 1,177,409	\$ 640,544
City's covered payroll	\$ 939,586	\$ 899,686	\$ 752,314	\$ 660,162
City's proportionate share of the net pension liability as a percentage of its covered payroll	86.08%	109.36%	156.50%	97.03%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.007190%	0.007611%	0.007477%	0.006693%
City's proportionate share of the net pension asset	\$ 1,312	\$ 288	\$ 170	\$ 234
City's covered payroll	\$ 43,180	\$ 45,240	\$ 42,740	\$ 36,690
City's proportionate share of the net pension asset as a percentage of its covered payroll	3.04%	0.64%	0.40%	0.64%
Plan fiduciary net position as a percentage of the total pension asset	188.21%	118.84%	113.42%	124.45%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.004419%	0.004571%	0.004643%	0.004643%
\$	1,003,480	\$ 791,755	\$ 559,999	\$ 547,348
\$	647,800	\$ 666,625	\$ 664,133	\$ 552,838
	154.91%	118.77%	84.32%	99.01%
	77.25%	81.08%	86.45%	86.36%
	0.008342%	0.006787%	n/a	n/a
\$	35	\$ 26	n/a	n/a
\$	43,308	\$ 37,800	n/a	n/a
	0.08%	0.07%	n/a	n/a
	103.40%	103.91%	n/a	n/a

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	0.01678710%	0.15364300%	0.01411500%	0.01382200%
City's proportionate share of the net pension liability	\$ 1,144,392	\$ 1,035,021	\$ 1,152,157	\$ 848,334
City's covered payroll	\$ 476,300	\$ 460,505	\$ 356,411	\$ 454,874
City's proportionate share of the net pension liability as a percentage of its covered payroll	240.27%	224.76%	323.27%	186.50%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	69.89%	63.07%	70.91%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.01436900%	0.01486100%	0.01437250%	0.01437250%
\$ 910,100	\$ 955,994	\$ 744,555	\$ 699,986
\$ 339,916	\$ 368,916	\$ 346,826	\$ 333,035
267.74%	259.14%	214.68%	210.18%
68.36%	66.77%	72.20%	73.00%

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 132,298	\$ 131,542	\$ 125,956	\$ 105,324
Contributions in relation to the contractually required contribution	<u>(132,298)</u>	<u>(131,542)</u>	<u>(125,956)</u>	<u>(105,324)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 944,986	\$ 939,586	\$ 899,686	\$ 752,314
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 4,447	\$ 4,318	\$ 4,524	\$ 4,274
Contributions in relation to the contractually required contribution	<u>(4,447)</u>	<u>(4,318)</u>	<u>(4,524)</u>	<u>(4,274)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 44,470	\$ 43,180	\$ 45,240	\$ 42,740
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 85,821	\$ 77,736	\$ 79,995	\$ 79,696	\$ 71,869	\$ 50,656
<u>(85,821)</u>	<u>(77,736)</u>	<u>(79,995)</u>	<u>(79,696)</u>	<u>(71,869)</u>	<u>(50,656)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 660,162	\$ 647,800	\$ 666,625	\$ 664,133	\$ 552,838	\$ 506,560
13.00%	12.00%	12.00%	12.00%	13.00%	10.00%
\$ 3,669	\$ 5,197	\$ 4,536			
<u>(3,669)</u>	<u>(5,197)</u>	<u>(4,536)</u>			
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
\$ 36,690	\$ 43,308	\$ 37,800			
10.00%	12.00%	12.00%			

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Police:</i>				
Contractually required contribution	\$ 100,401	\$ 90,497	\$ 87,496	\$ 67,718
Contributions in relation to the contractually required contribution	<u>(100,401)</u>	<u>(90,497)</u>	<u>(87,496)</u>	<u>(67,718)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 528,426	\$ 476,300	\$ 460,505	\$ 356,411
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 86,426	\$ 64,584	\$ 70,094	\$ 65,897	\$ 52,886	\$ 31,387
<u>(86,426)</u>	<u>(64,584)</u>	<u>(70,094)</u>	<u>(65,897)</u>	<u>(52,886)</u>	<u>(31,387)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 454,874	\$ 339,916	\$ 368,916	\$ 346,826	\$ 332,965	\$ 246,173
19.00%	19.00%	19.00%	19.00%	15.88%	12.75%

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability/asset	0.005372%	0.004935%	0.004298%	0.004070%	0.004431%
City's proportionate share of the net OPEB liability/(asset)	\$ (95,706)	\$ 681,652	\$ 560,358	\$ 441,972	\$ 447,562
City's covered payroll	\$ 982,766	\$ 944,926	\$ 795,054	\$ 696,852	\$ 691,108
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-9.74%	72.14%	70.48%	63.42%	64.76%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.01678710%	0.01536430%	0.01411500%	0.01382200%	0.01436900%
City's proportionate share of the net OPEB liability	\$ 177,862	\$ 151,764	\$ 128,539	\$ 783,146	\$ 682,064
City's covered payroll	\$ 476,300	\$ 460,505	\$ 356,411	\$ 454,874	\$ 339,916
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	37.34%	32.96%	36.06%	172.17%	200.66%
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	47.08%	46.57%	14.13%	15.96%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,779	\$ 1,727	\$ 1,810	\$ 1,710
Contributions in relation to the contractually required contribution	<u>(1,779)</u>	<u>(1,727)</u>	<u>(1,810)</u>	<u>(1,710)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 989,456	\$ 982,766	\$ 944,926	\$ 795,054
Contributions as a percentage of covered payroll	0.18%	0.18%	0.19%	0.22%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 8,069	\$ 13,822	\$ 7,484	\$ 11,389	\$ 5,526	\$ 20,267
<u>(8,069)</u>	<u>(13,822)</u>	<u>(7,484)</u>	<u>(11,389)</u>	<u>(5,526)</u>	<u>(20,267)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 696,852	\$ 691,108	\$ 704,425	\$ 664,133	\$ 552,838	\$ 506,560
1.16%	2.00%	1.06%	1.71%	1.00%	4.00%

CITY OF CARLISLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Police:</i>				
Contractually required contribution	\$ 2,642	\$ 2,382	\$ 2,303	\$ 1,782
Contributions in relation to the contractually required contribution	<u>(2,642)</u>	<u>(2,382)</u>	<u>(2,303)</u>	<u>(1,782)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 528,426	\$ 476,300	\$ 460,505	\$ 356,411
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 2,274	\$ 1,700	\$ 1,894	\$ 1,728	\$ 12,187	\$ 16,617
<u>(2,274)</u>	<u>(1,700)</u>	<u>(1,894)</u>	<u>(1,728)</u>	<u>(12,187)</u>	<u>(16,617)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 454,874	\$ 339,916	\$ 368,916	\$ 346,826	\$ 332,965	\$ 246,173
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%

CITY OF CARLISLE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

(Continued)

CITY OF CARLISLE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2020.
-

For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018. For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model. There were no changes in benefit terms for 2020.

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Carlisle**, Warren County, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive style and is contained within a thin black rectangular border.

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

September 28, 2023

**CITY OF CARLISLE, OHIO
WARREN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Mayor's Court – Amounts not recorded in Custodial Fund	Fully Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF CARLISLE

WARREN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/5/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov