

VILLAGE OF CARLISLE
WARREN COUNTY, OHIO
AUDIT REPORT
For the Year Ended December 31, 2011





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Carlisle, Warren County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

October 24, 2013

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VILLAGE OF CARLISLE
WARREN COUNTY
AUDIT REPORT
For the Year Ended December 31, 2011

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Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Members of Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carlisle, Warren County, Ohio (the Village), as of and for the year ended December 31, 2011, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carlisle, Warren County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund, County Vehicle Tax Fund, Police Services Fund, Fire Fund and Timber Ridge TIF Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, in 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

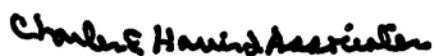
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
July 26, 2013

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 (UNAUDITED)

The management's discussion and analysis of the Village of Carlisle's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- The total net assets of the Village decreased \$12,854. Net assets of governmental activities increased \$449,724 or 13.29% from 2010 and net assets of business-type activities decreased \$462,578 or 6.97% from 2010.
- General revenues accounted for \$1,377,444 or 55.91% of total governmental activities revenue. Program specific revenues accounted for \$1,086,056 or 44.09% of total governmental activities revenue.
- The Village had \$2,013,776 in expenses related to governmental activities; \$1,086,056 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$927,720 were offset partially by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$1,377,444.
- The general fund had revenues of \$954,418 in 2011. This represents a decrease of \$7,938 from 2010. The expenditures and other financing uses of the general fund, which totaled \$1,052,386 in 2011, increased \$100,512 from 2010. The net decrease in fund balance for the general fund was \$97,968 or 14.84%.
- The county vehicle tax fund had revenues of \$377,965 in 2011. The expenditures of the county vehicle tax fund totaled \$89,127 in 2011. The net increase in fund balance for the county vehicle tax fund was \$288,838 or 156.40%.
- The police services fund had revenues and of \$301,241 in 2011. The expenditures of the police services fund totaled \$259,988 in 2011. The net increase in fund balance for the police services fund was \$41,253 or 17.63%.
- The fire fund had revenues of \$157,981 in 2011. The expenditures of the fire fund totaled \$140,551 in 2011. The net increase in fund balance for the fire fund was \$17,430 or 38.24%.
- The timber ridge TIF fund had revenues of \$141,298 in 2011. The expenditures of the timber ridge TIF fund totaled \$87,398 in 2011. The net increase in fund balance for the timber ridge TIF fund was \$53,900 or 38.27%.
- The Carlisle Business Park fund had other financing sources of \$1,208,200 in 2011. The expenditures of the Carlisle Business Park fund totaled \$1,104,551 in 2011. The net increase in fund balance for the Carlisle Business Park fund was \$103,649 or 579.04%.
- The SR 123 Reconstruction Phase V fund had other financing sources of \$456,500 in 2011. The expenditures of the SR 123 Reconstruction Phase V fund totaled \$456,168 in 2011. The net increase in fund balance for the SR 123 Reconstruction Phase V fund was \$332 or 332.00%.
- Net assets for the business-type activities, which are made up of the sewer, water and refuse enterprise funds, decreased in 2011 by \$462,578. This decrease in net assets was due primarily to expenses exceeding revenues.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 (UNAUDITED)

- In the general fund, the actual revenues and other financing sources came in \$42,216 higher than they were in the final budget and actual expenditures and other financing uses were \$101,481 less than the amount in the final budget. Budgeted expenditures and other financing uses were increased \$10,863 from the original to the final budget. Budgeted revenues remained the same in the original and final budget.

Using this Annual Financial Report

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

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

Reporting the Village as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the Village to provide programs and activities, the view of the Village as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

The Village's statement of net assets and statement of activities can be found on pages 19-21 of this report.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 (UNAUDITED)

Reporting the Village's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the Village's most significant funds. The analysis of the Village's major governmental and proprietary funds begins on page 10.

Governmental Funds

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

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

The Village maintains a multitude of individual governmental funds. The Village has segregated these funds into major funds and nonmajor funds. The Village's major governmental funds are the general fund, county vehicle tax fund, police services fund, fire fund, timber ridge TIF fund, Carlisle Business Park fund, and the SR 123 Reconstruction Phase V fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 22-32 of this report.

Proprietary Funds

The Village maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its sewer, water and refuse management functions. All of the Village's enterprise funds are considered major funds. The basic proprietary fund financial statements can be found on pages 33-35 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. An agency fund is the Village's only fiduciary fund type. The statement of fiduciary net assets can be found on page 36.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 35-64 of this report.

Government-Wide Financial Analysis

The table below provides a summary of the Village's net assets at December 31, 2011 and 2010:

	Governmental Activities 2011	Business-type Activities 2011	Governmental Activities 2010	Business-type Activities 2010	2011 Total	2010 Total
<u>Assets</u>						
Current and other assets	\$ 2,570,493	\$ 1,722,684	\$ 2,052,476	\$ 1,861,413	\$ 4,293,177	\$ 3,913,889
Capital assets, net	<u>4,342,154</u>	<u>4,545,451</u>	<u>4,548,318</u>	<u>4,867,864</u>	<u>8,887,605</u>	<u>9,416,182</u>
Total assets	<u>6,912,647</u>	<u>6,268,135</u>	<u>6,600,794</u>	<u>6,729,277</u>	<u>13,180,782</u>	<u>13,330,071</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	2,654,143	4,628	2,844,804	4,856	2,658,771	2,849,660
Other liabilities	<u>425,885</u>	<u>87,288</u>	<u>373,095</u>	<u>85,624</u>	<u>513,173</u>	<u>458,719</u>
Total liabilities	<u>3,080,028</u>	<u>91,916</u>	<u>3,217,899</u>	<u>90,480</u>	<u>3,171,944</u>	<u>3,308,379</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	2,251,458	4,545,451	2,310,620	4,867,864	6,796,909	7,178,484
Restricted	1,474,112	-	1,040,482	-	1,474,112	1,040,482
Unrestricted (deficit)	<u>107,049</u>	<u>1,630,768</u>	<u>31,793</u>	<u>1,770,933</u>	<u>1,737,817</u>	<u>1,802,726</u>
Total net assets	<u>\$ 3,832,619</u>	<u>\$ 6,176,219</u>	<u>\$ 3,382,895</u>	<u>\$ 6,638,797</u>	<u>\$ 10,008,838</u>	<u>\$ 10,021,692</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2011, the Village's assets exceeded liabilities by \$10,008,838. At year-end, net assets were \$3,832,619 and \$6,176,219 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the Village's assets. At year-end, capital assets represented 67.43% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2011, were \$2,251,458 and \$4,545,451 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Village's net assets, \$1,474,112, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets is \$107,049.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

The table below shows the changes in net assets for 2011 and 2010.

	Change in Net Assets					
	Governmental Activities 2011	Business-type Activities 2011	Governmental Activities 2010	Business-type Activities 2010	2011 Total	2010 Total
Revenues						
Program revenues:						
Charges for services	\$ 225,465	\$ 1,786,731	\$ 251,884	\$ 1,853,630	\$ 2,012,196	\$ 2,105,514
Operating grants and contributions	807,994	-	595,763	-	807,994	595,763
Capital grants and contributions	<u>52,597</u>	<u>-</u>	<u>27,728</u>	<u>-</u>	<u>52,597</u>	<u>27,728</u>
Total program revenues	<u>1,086,056</u>	<u>1,786,731</u>	<u>875,375</u>	<u>1,853,630</u>	<u>2,872,787</u>	<u>2,729,005</u>
General revenues:						
Property taxes	200,615	-	185,139	-	200,615	185,139
Income taxes	886,569	-	856,863	-	886,569	856,863
Unrestricted grants and entitlements	129,084	5,957	124,645	-	135,041	124,645
Payment in lieu of taxes	116,707	-	94,283	-	116,707	94,283
Investment earnings	24,377	-	3,473	-	24,377	3,473
Miscellaneous	<u>20,092</u>	<u>-</u>	<u>29,219</u>	<u>-</u>	<u>20,092</u>	<u>29,219</u>
Total general revenues	<u>1,377,444</u>	<u>5,957</u>	<u>1,293,622</u>	<u>-</u>	<u>1,383,401</u>	<u>1,293,622</u>
Total revenues	<u>2,463,500</u>	<u>1,792,688</u>	<u>2,168,997</u>	<u>1,853,630</u>	<u>4,256,188</u>	<u>4,022,627</u>
Expenses:						
General government	575,351	-	641,370	-	575,351	641,370
Security of persons and property	768,433	-	794,958	-	768,433	794,958
Transportation	393,828	-	829,359	-	393,828	829,359
Community environment	199,608	-	118,694	-	199,608	118,694
Leisure time activity	10,437	-	8,905	-	10,437	8,905
Interest and fiscal charges	66,119	-	130,651	-	66,119	130,651
Sewer	-	1,691,309	-	1,534,302	1,691,309	1,534,302
Refuse	-	231,077	-	215,609	231,077	215,609
Water	<u>-</u>	<u>332,880</u>	<u>-</u>	<u>317,444</u>	<u>332,880</u>	<u>317,444</u>
Total expenses	<u>2,013,776</u>	<u>2,255,266</u>	<u>2,523,937</u>	<u>2,067,355</u>	<u>4,269,042</u>	<u>4,591,292</u>
Increase (decrease) in net assets before transfers	<u>449,724</u>	<u>(462,578)</u>	<u>(354,940)</u>	<u>(213,725)</u>	<u>(12,854)</u>	<u>(568,665)</u>
Transfers	<u>-</u>	<u>-</u>	<u>18,010</u>	<u>(18,010)</u>	<u>-</u>	<u>-</u>
Change in net assets	449,724	(462,578)	(336,930)	(231,735)	(12,854)	(568,665)
Net assets at beginning of year	<u>3,382,895</u>	<u>6,638,797</u>	<u>3,719,825</u>	<u>6,870,532</u>	<u>10,021,692</u>	<u>10,590,357</u>
Net assets at end of year	<u>\$ 3,832,619</u>	<u>\$ 6,176,219</u>	<u>\$ 3,382,895</u>	<u>\$ 6,638,797</u>	<u>\$ 10,008,838</u>	<u>\$ 10,021,692</u>

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

Governmental Activities

Governmental activities net assets increased \$449,724 in 2011.

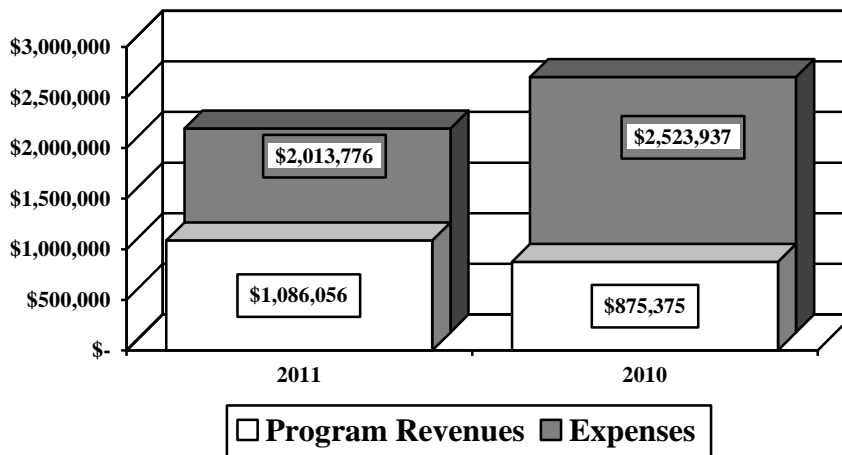
Security of persons and property which primarily supports the operation of police and fire services accounted for \$768,433 or 38.16% of the total expenses of the Village. Security of persons and property expenses were partially funded by \$7,802 in operating grants and contributions. General government expenses totaled \$575,351. General government expenses were partially funded by \$81,144 in direct charges to users of the services.

The state and federal government contributed to the Village a total of \$807,994 in operating grants and contributions and \$52,597 in capital grants and contributions. These revenues are restricted to a particular program or purpose. All of the capital grants and contributions subsidized community environment programs.

General revenues totaled \$1,377,444, and amounted to 55.91% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$1,087,184. 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 \$129,084 and payment in lieu of taxes of \$116,707.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the Village is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities as program revenues are not sufficient to cover total governmental expenses for 2011.

Governmental Activities - Program Revenues vs. Total Expenses



VILLAGE OF CARLISLE, OHIO

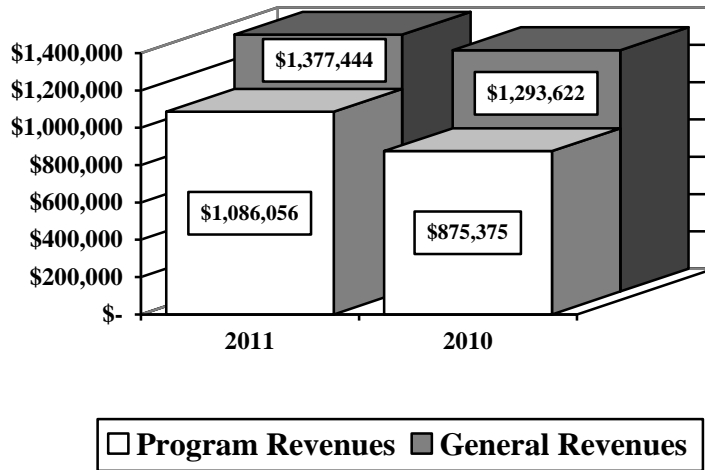
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

Governmental Activities

	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>
Program expenses:				
General government	\$ 575,351	\$ 330,741	\$ 641,370	\$ 401,200
Security of persons and property	768,433	760,631	794,958	787,312
Transportation	393,828	(242,898)	829,359	382,013
Community environment	199,608	48,377	118,694	(8,389)
Leisure time activity	10,437	10,437	8,905	8,905
Interest and fiscal charges	66,119	20,432	130,651	77,521
Total	<u>\$ 2,013,776</u>	<u>\$ 927,720</u>	<u>\$ 2,523,937</u>	<u>\$ 1,648,562</u>

The dependence upon general revenues for governmental activities is apparent, with 46.07% of expenses supported through taxes and other general revenues. The chart below illustrates the Village's program revenues versus general revenues for 2011 and 2010.

Governmental Activities - General and Program Revenues

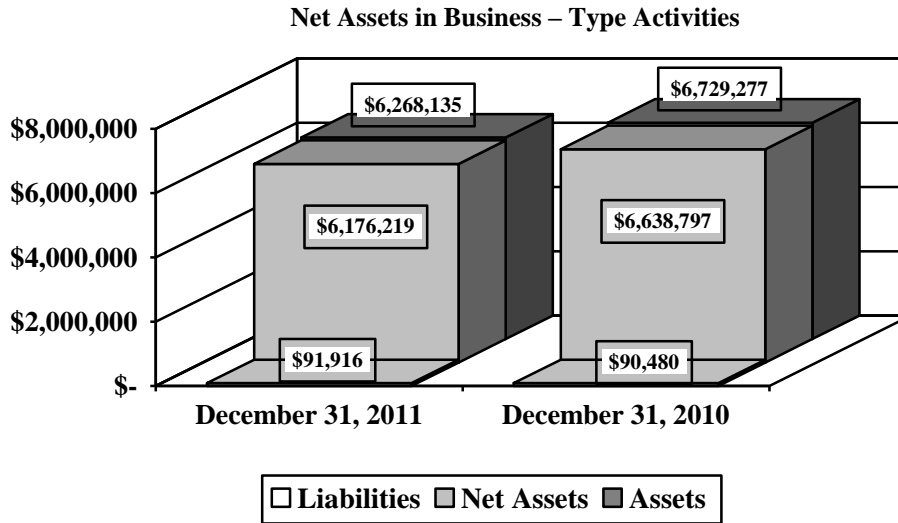


VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

Business-type Activities

Business-type activities include the sewer, water and refuse enterprise funds. These programs had program revenues of \$1,786,731 and expenses of \$2,255,266 for 2011. The graph below shows the business-type activities assets, liabilities and net assets at year-end.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The Village's governmental funds (as presented on the balance sheet on pages 22-23) reported a combined fund balance of \$1,815,884 which is \$428,023 higher than last year's balance of \$1,387,861.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2011 and 2010 for all major and non-major governmental funds.

	<u>Fund Balances</u> <u>12/31/11</u>	<u>Fund Balances</u> <u>(Deficit)</u> <u>12/31/10</u>	<u>Increase/</u> <u>(Decrease)</u>
Major funds:			
General	\$ 562,273	\$ 660,241	\$ (97,968)
County Vehicle Tax	104,164	(184,674)	288,838
Police Services	275,257	234,004	41,253
Fire	63,016	45,586	17,430
Timber Ridge TIF	194,738	140,838	53,900
Carlisle Business Park	121,549	17,900	103,649
SR 123 Reconstruction Phase V	333	1	332
Other nonmajor governmental funds	<u>494,554</u>	<u>473,965</u>	<u>20,589</u>
Total	<u>\$ 1,815,884</u>	<u>\$ 1,387,861</u>	<u>\$ 428,023</u>

General Fund

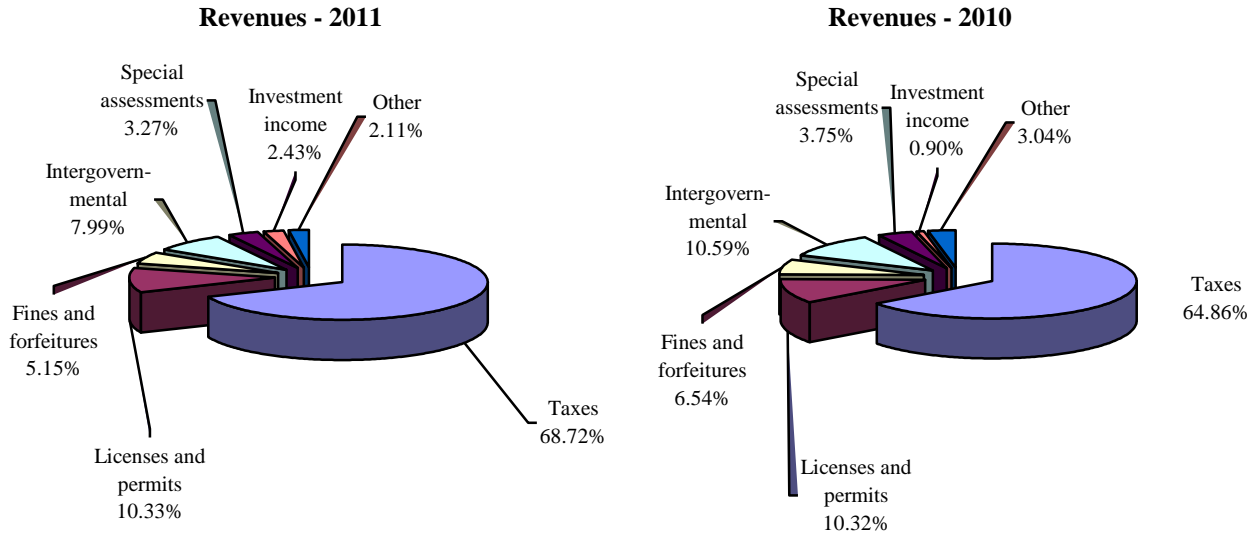
The Village's general fund balance decreased \$97,968. The table that follows assists in illustrating the revenues of the general fund.

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	\$ 655,838	\$ 624,066	5.09 %
Licenses and permits	98,634	99,355	(0.73) %
Fines and forfeitures	49,204	62,972	(21.86) %
Intergovernmental	76,219	101,942	(25.23) %
Special assessments	31,220	36,109	(13.54) %
Investment income	23,211	8,693	167.01 %
Other	<u>20,092</u>	<u>29,219</u>	(31.24) %
Total	<u>\$ 954,418</u>	<u>\$ 962,356</u>	(0.82) %

Tax revenue represents 68.72% of all general fund revenue. Tax revenue increased 5.09% from prior year. This is due in particular to an increase in income tax revenues. The decrease in fines and forfeitures is due to a decrease in court revenues during 2011. The 167.01% increase in investment income was primarily due to the inclining interest rates in 2011. All other revenues remained comparable to 2010.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)



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

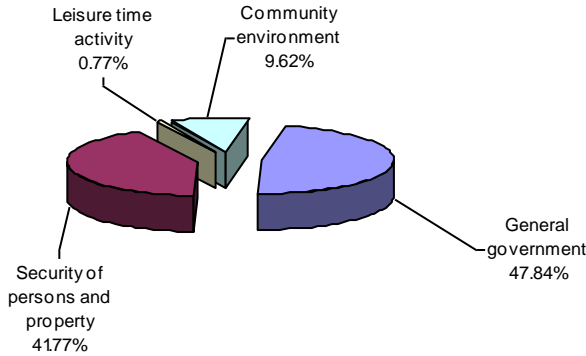
	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 411,884	\$ 435,684	(5.46) %
Security of persons and property	359,536	274,117	31.16 %
Community environment	82,858	110,947	(25.32) %
Leisure time activity	<u>6,608</u>	<u>5,626</u>	17.45 %
Total	<u>\$ 860,886</u>	<u>\$ 826,374</u>	4.18 %

The Village increased total expenditures by 4.18%. The increase in security of persons and property is due to an increase in salaries expenditures. Other expenditures remained comparable from 2011 to 2010.

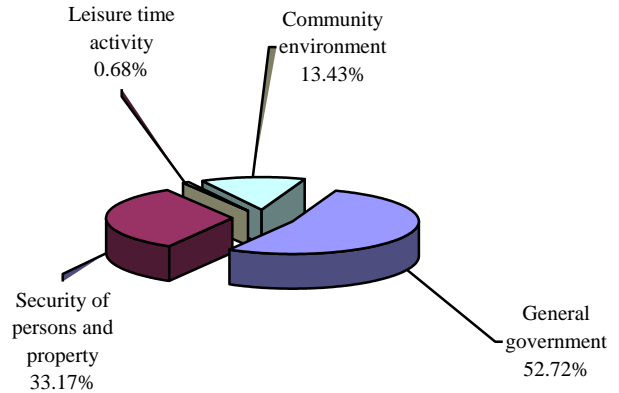
VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

Expenditures - 2011



Expenditures - 2010



Budgeting Highlights

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

Budgetary information is presented for the general fund, county vehicle tax fund, police services fund, fire fund, and the timber ridge TIF fund. In the general fund, the actual revenues and other financing sources came in \$42,216 higher than they were in the final budget and actual expenditures and other financing uses were \$101,481 less than the amount in the final budget. Budgeted expenditures and other financing uses were increased \$10,863 from the original to the final budget. Budgeted revenues remained the same in the original and final budget.

County Vehicle Tax Fund

The county vehicle tax fund had revenues of \$377,965 in 2011. The expenditures of the county vehicle tax fund totaled \$89,127 in 2011. The net increase in fund balance for the county vehicle tax fund was \$288,838 or 156.40%.

Police Services Fund

The police services fund had revenues of \$301,241 in 2011. The expenditures of the police services fund totaled \$259,988 in 2011. The net increase in fund balance for the police services fund was \$41,253 or 17.63%.

Fire Fund

The fire fund had revenues of \$157,981 in 2011. The expenditures of the fire fund totaled \$140,551 in 2011. The net increase in fund balance for the fire fund was \$17,430 or 38.24%.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

Timber Ridge TIF Fund

The Timber Ridge TIF fund had revenues of \$141,298 in 2011. The expenditures of the Timber Ridge TIF fund totaled \$87,398 in 2011. The net increase in fund balance for the Timber Ridge TIF fund was \$53,900 or 38.27%.

Carlisle Business Park Fund

The Carlisle Business Park fund had other financing sources of \$1,208,200 in 2011. The expenditures of the Carlisle Business Park fund totaled \$1,104,551 in 2011. The net increase in fund balance for the Carlisle Business Park fund was \$103,649 or 579.04%.

SR Reconstruction Phase V

The SR Reconstruction Phase V fund had other financing sources of \$456,500 in 2011. The expenditures of the SR Reconstruction Phase V fund totaled \$456,168 in 2011. The net increase in fund balance for the SR Reconstruction Phase V fund was \$332 or 332.00%.

Proprietary Funds

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

Sewer Fund

The sewer fund had operating revenues of \$1,224,431 in 2011. The operating expenses of the sewer fund, totaled \$1,691,309 in 2011. The net decrease in net assets for the sewer fund was \$466,878 or 9.08%.

Water Fund

The water fund had operating revenues of \$234,939 in 2011. The operating expenses of the water fund, totaled \$231,077 in 2011. The net increase in net assets for the water fund was \$3,862 or 0.30%.

Refuse Fund

The refuse fund had operating and nonoperating revenues of \$333,318 in 2011. The operating expenses of the refuse fund totaled \$332,880 in 2011. The net increase in net assets for the refuse fund was \$438 or 0.23%.

Capital Assets and Debt Administration

Capital Assets

At the end of 2011, the Village had \$8,887,605 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$4,342,154 was reported in governmental activities and \$4,545,451 was reported in business-type activities. See Note 9 for further description of capital assets.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

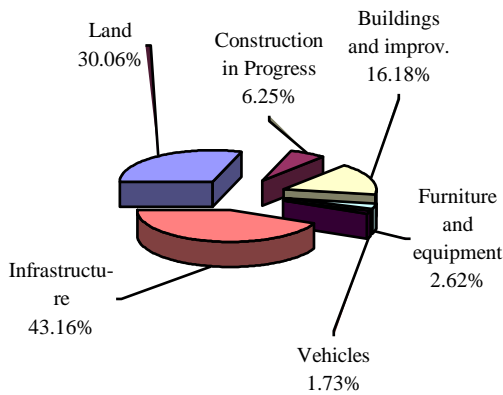
The following table shows December 31, 2011 balances compared to December 31, 2010:

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

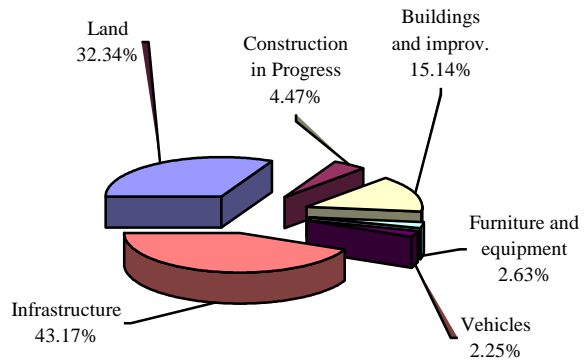
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,306,332	\$ 1,471,040	\$ -	\$ -	\$ 1,306,332	\$ 1,471,040
Construction in progress	271,714	203,275	-	-	271,714	203,275
Buildings and improvements	703,203	688,563	-	-	703,203	688,563
Furniture and equipment	113,983	119,457	55,035	58,013	169,018	177,470
Vehicles	75,127	102,522	12,546	19,918	87,673	122,440
Infrastructure	1,871,795	1,963,461	4,477,870	4,789,933	6,349,665	6,753,394
Totals	\$ 4,342,154	\$ 4,548,318	\$ 4,545,451	\$ 4,867,864	\$ 8,887,605	\$ 9,416,182

The following graphs show the breakdown of governmental capital assets by category for 2011 and 2010.

Capital Assets - Governmental Activities 2011



Capital Assets - Governmental Activities 2010



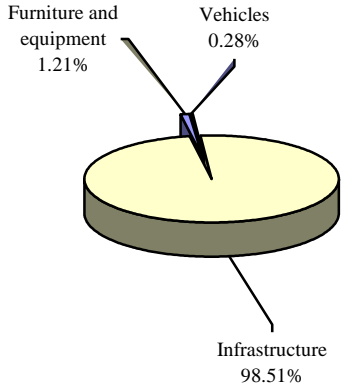
The Village's infrastructure is the largest capital asset category. The net book value of the Village's infrastructure represents approximately 43.00% of the Village's total governmental capital assets.

VILLAGE OF CARLISLE, OHIO

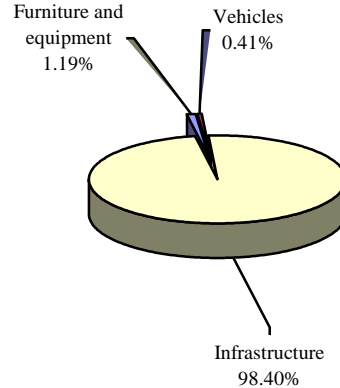
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

The following graphs show the breakdown of business-type capital assets by category for 2011 and 2010.

Capital Assets - Business-Type Activities 2011



Capital Assets - Business-Type Activities 2010



The Village's largest business-type capital asset category is infrastructure, which include water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the Village's infrastructure (cost less accumulated depreciation) represents approximately 98.51% of the Village's total business-type capital assets.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2011 and 2010:

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 2,370,696	\$ 2,532,700
Special assessment bonds	270,274	304,725
Compensated absences	<u>13,173</u>	<u>7,379</u>
 Total long-term obligations	 <u>\$ 2,654,143</u>	 <u>\$ 2,844,804</u>

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

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 (UNAUDITED)

Economic Conditions and Outlook

Located in the northernmost corner of Warren County and spreading into southern Montgomery, Carlisle is a community with over 4,900 residents. It is conveniently located within driving distance of two major cities – Cincinnati (approx. 30 mi. south) and Dayton (approx. 15 mi. north). The area is served by both state and U.S. highways. State Route 123 travels through the heart of Carlisle with State Routes 4 and 73 being located just outside its borders and Interstate Route 75 is just three miles from the downtown area. Carlisle's early growth stemmed from the still active railroad community. This combination of geographical location and transportation convenience makes Carlisle an attractive site for both families and business alike. The 2010 census indicated that Carlisle had a population of 4,915 thus reverting back to "village" status. With the exception of minor changes to stationary and signage, this moniker change is not expected to have a significant impact to the fiscal health of the community. There is even a possible financial advantage to losing Village status with regards to the maintenance of State Route 123. This major road will once again be under the care of the Ohio Department of Transportation thus reducing the expense of maintenance and repair for the municipality.

Although Carlisle is often thought of as a quiet bedroom community, the municipality has taken active steps to secure its financial future by the development of two business parks within the Village limits. The Carlisle Industrial Park has been an established industrial base providing an excellent location for numerous manufacturing and service industries. This park offers direct access to SR-123 as well as connection to the CSX railroad system. The Carlisle Business Park is a newer development that offers over 88 acres of gently rolling land which is an excellent site for manufacturing, warehousing, service business or office needs. Given the current economic climate, development of this shovel-ready business park has been slow. However, there is continuing interest shown by both current and prospective businesses including the sale of 6 acres in 2011.

Carlisle has continued to seek funding for community improvement projects and was awarded both Federal and State grant monies to begin working on SR-123 Reconstruction – Phase X. The Municipality also continued preliminary engineering work in 2010 for Phase X of the on-going SR-123 Reconstruction project. This phase of the project focuses on revamping the downtown area of the Municipality between Park Avenue and Jamaica Road. Plans include road widening with center turn lane, curbs, gutters and sidewalks. Funding for this phase will be a combination of Federal, State and local funding. Construction on this project will commence in early summer of 2012.

Despite the uncertainty surrounding the economy, 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 2011 budget, the Municipality utilizes a basic philosophy to submit a balanced budget to Council for the operations of the Municipality. Local income tax collections for 2011 were approximately 4.5% higher than 2010 levels.

The Municipality has not been immune to the slowdown in the overall economy. Decreased funding from both the State and Federal level and general downsizing in overall industry has created an economic challenge for the Municipality. However, the number of new residential housing has continued to increase in 2011 as compared to 2010 indicating the beginning of economic recovery for the area. The Municipality continues to prepare itself financially for future lean revenue years with minimal disruption in local services. The Municipality will prepare and utilize financial investment and debt policies in FY2012 to strengthen the Municipality's economic position for the future health of the community.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

These economic factors were considered in preparing the Municipality's budget for fiscal year 2012. Budgeted revenues and other financing sources in the general fund for fiscal year 2012 budget are \$924,578. With the continuation of conservative budgeting practices, the Municipality should be able to maintain its current financial position.

Contacting the Village's Financial Management

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

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,622,695	\$ 1,581,115	\$ 3,203,810
Receivables (net of allowances for uncollectibles):			
Income taxes	239,971	-	239,971
Property and other taxes	204,206	-	204,206
Payment in lieu of taxes	154,318	-	154,318
Accounts	64,818	86,794	151,612
Accrued interest	11,563	-	11,563
Special assessments	3,298	49,042	52,340
Due from other governments	233,637	957	234,594
Materials and supplies inventory	21,896	995	22,891
Prepayments	14,091	3,781	17,872
Capital assets:			
Land and construction in progress	1,578,046	-	1,578,046
Depreciable capital assets, net	2,764,108	4,545,451	7,309,559
Total capital assets	<u>4,342,154</u>	<u>4,545,451</u>	<u>8,887,605</u>
 Total assets	 <u>6,912,647</u>	 <u>6,268,135</u>	 <u>13,180,782</u>
Liabilities:			
Accounts payable	12,052	71,431	83,483
Accrued wages and benefits	8,927	4,939	13,866
Due to other governments	36,053	10,918	46,971
Unearned revenue	336,782	-	336,782
Accrued interest payable	32,071	-	32,071
Long-term liabilities:			
Due within one year	2,152,508	3,120	2,155,628
Due in more than one year	501,635	1,508	503,143
 Total liabilities	 <u>3,080,028</u>	 <u>91,916</u>	 <u>3,171,944</u>
Net assets:			
Invested in capital assets, net of related debt	2,251,458	4,545,451	6,796,909
Restricted for:			
Debt service	3,894	-	3,894
Capital projects	212,951	-	212,951
Transportation projects	555,160	-	555,160
Public safety	677,071	-	677,071
Other purposes	25,036	-	25,036
Unrestricted	<u>107,049</u>	<u>1,630,768</u>	<u>1,737,817</u>
 Total net assets	 <u>\$ 3,832,619</u>	 <u>\$ 6,176,219</u>	 <u>\$ 10,008,838</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<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	\$ 575,351	\$ 81,144	\$ 163,466	\$ -
Security of persons and property	768,433	-	7,802	-
Transportation	393,828	-	636,726	-
Community environment	199,608	98,634	-	52,597
Leisure time activity	10,437	-	-	-
Interest and fiscal charges	66,119	45,687	-	-
Total governmental activities	<u>2,013,776</u>	<u>225,465</u>	<u>807,994</u>	<u>52,597</u>
Business-type activities:				
Sewer	1,691,309	1,224,431	-	-
Water	231,077	234,939	-	-
Refuse	332,880	327,361	-	-
Total business-type activities	<u>2,255,266</u>	<u>1,786,731</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 4,269,042</u>	<u>\$ 2,012,196</u>	<u>\$ 807,994</u>	<u>\$ 52,597</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

Payment in lieu of taxes

Investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

(Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (330,741)	\$ -	\$ (330,741)
(760,631)	-	(760,631)
242,898	-	242,898
(48,377)	-	(48,377)
(10,437)	-	(10,437)
(20,432)	-	(20,432)
<u>(927,720)</u>	<u>-</u>	<u>(927,720)</u>
-	(466,878)	(466,878)
-	3,862	3,862
-	<u>(5,519)</u>	<u>(5,519)</u>
-	<u>(468,535)</u>	<u>(468,535)</u>
<u>(927,720)</u>	<u>(468,535)</u>	<u>(1,396,255)</u>
67,723	-	67,723
132,892	-	132,892
587,339	-	587,339
299,230	-	299,230
129,084	5,957	135,041
116,707	-	116,707
24,377	-	24,377
20,092	-	20,092
<u>1,377,444</u>	<u>5,957</u>	<u>1,383,401</u>
449,724	(462,578)	(12,854)
<u>3,382,895</u>	<u>6,638,797</u>	<u>10,021,692</u>
<u>\$ 3,832,619</u>	<u>\$ 6,176,219</u>	<u>\$ 10,008,838</u>

VILLAGE OF CARLISLE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	<u>General</u>	<u>County Vehicle Tax</u>	<u>Police Services</u>	<u>Fire</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 436,310	\$ 94,842	\$ 256,338	\$ 67,754
Receivables:				
Income taxes	159,989	-	79,982	-
Property and other taxes	66,034	-	-	138,172
Payment in lieu of taxes	-	-	-	-
Accounts	64,818	-	-	-
Special assessments	3,298	-	-	-
Interfund loans	4,928	-	-	-
Accrued interest	10,135	354	-	-
Due from other governments	23,011	62,662	-	11,766
Materials and supplies inventory	7,043	-	-	537
Prepayments	8,029	-	3,183	1,621
	<u>783,595</u>	<u>157,858</u>	<u>339,503</u>	<u>219,850</u>
Total assets	<u>\$ 783,595</u>	<u>\$ 157,858</u>	<u>\$ 339,503</u>	<u>\$ 219,850</u>
Liabilities:				
Accounts payable	\$ 9,496	\$ -	\$ 219	\$ 1,794
Accrued wages and benefits	4,718	-	3,280	-
Due to other governments	17,142	-	11,739	5,102
Interfund loans payable	-	-	-	-
Deferred revenue	130,970	53,694	49,008	26,470
Unearned revenue	58,996	-	-	123,468
	<u>221,322</u>	<u>53,694</u>	<u>64,246</u>	<u>156,834</u>
Total liabilities	<u>221,322</u>	<u>53,694</u>	<u>64,246</u>	<u>156,834</u>
Fund balances:				
Nonspendable	15,072	-	3,183	2,158
Restricted	-	-	272,074	60,858
Committed	-	104,164	-	-
Assigned	138,056	-	-	-
Unassigned (deficit)	409,145	-	-	-
	<u>562,273</u>	<u>104,164</u>	<u>275,257</u>	<u>63,016</u>
Total fund balances	<u>562,273</u>	<u>104,164</u>	<u>275,257</u>	<u>63,016</u>
Total liabilities and fund balances	<u>\$ 783,595</u>	<u>\$ 157,858</u>	<u>\$ 339,503</u>	<u>\$ 219,850</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Timber Ridge TIF	Carlisle Business Park	SR 123 Reconstruction Phase V	Other Governmental Funds	Total Governmental Funds
\$ 194,738	\$ 121,549	\$ 333	\$ 450,831	\$ 1,622,695
-	-	-	-	239,971
-	-	-	-	204,206
85,440	-	-	68,878	154,318
-	-	-	-	64,818
-	-	-	-	3,298
-	-	-	-	4,928
-	-	-	1,074	11,563
13,462	-	-	122,736	233,637
-	-	-	14,316	21,896
-	-	-	1,258	14,091
<u>\$ 293,640</u>	<u>\$ 121,549</u>	<u>\$ 333</u>	<u>\$ 659,093</u>	<u>\$ 2,575,421</u>
\$ -	\$ -	\$ -	\$ 543	\$ 12,052
-	-	-	929	8,927
-	-	-	2,070	36,053
-	-	-	4,928	4,928
13,462	-	-	87,191	360,795
85,440	-	-	68,878	336,782
<u>98,902</u>	<u>-</u>	<u>-</u>	<u>164,539</u>	<u>759,537</u>
-	-	-	15,574	35,987
194,738	121,549	333	405,042	1,054,594
-	-	-	78,270	182,434
-	-	-	-	138,056
-	-	-	(4,332)	404,813
<u>194,738</u>	<u>121,549</u>	<u>333</u>	<u>494,554</u>	<u>1,815,884</u>
<u>\$ 293,640</u>	<u>\$ 121,549</u>	<u>\$ 333</u>	<u>\$ 659,093</u>	<u>\$ 2,575,421</u>

VILLAGE OF CARLISLE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2011

Total governmental fund balances		\$ 1,815,884
 <i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,342,154
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
In come taxes receivable	\$ 147,039	
Property taxes receivable	21,742	
Accrued interest receivable	11,563	
Special assessments receivable	3,298	
Intergovernmental receivable	<u>177,153</u>	
Total		360,795
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	(32,071)	
Special assessment bonds	(270,274)	
General obligation bonds	(545,000)	
Bond anticipation notes	(1,825,696)	
Compensated absences	<u>(13,173)</u>	
Total		<u>(2,686,214)</u>
Net assets of governmental activities		<u><u>\$ 3,832,619</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General</u>	<u>County Vehicle Tax</u>	<u>Police Services</u>	<u>Fire</u>
Revenues:				
Income taxes	\$ 589,910	\$ -	\$ 294,836	\$ -
Property and other taxes	65,928	-	-	132,892
Licenses and permits	98,634	-	-	-
Fines and forfeitures	49,204	-	-	-
Intergovernmental	76,219	377,268	-	23,692
Special assessments	31,220	-	-	-
Investment income	23,211	697	-	-
Payment in lieu of taxes	-	-	-	-
Other	20,092	-	6,405	1,397
Total revenues	<u>954,418</u>	<u>377,965</u>	<u>301,241</u>	<u>157,981</u>
Expenditures:				
Current:				
General government	411,884	-	-	-
Security of persons and property	359,536	-	259,988	102,293
Transportation	-	89,127	-	-
Community environment	82,858	-	-	-
Leisure time activity	6,608	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	37,000
Interest and fiscal charges	-	-	-	1,258
Total expenditures	<u>860,886</u>	<u>89,127</u>	<u>259,988</u>	<u>140,551</u>
Excess (deficiency) of revenues over (under) expenditures	<u>93,532</u>	<u>288,838</u>	<u>41,253</u>	<u>17,430</u>
Other financing sources (uses):				
Note issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(191,500)	-	-	-
Total other financing sources (uses)	<u>(191,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(97,968)	288,838	41,253	17,430
Fund balances (deficit) at beginning of year	<u>660,241</u>	<u>(184,674)</u>	<u>234,004</u>	<u>45,586</u>
Fund balances at end of year	<u>\$ 562,273</u>	<u>\$ 104,164</u>	<u>\$ 275,257</u>	<u>\$ 63,016</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Timber Ridge TIF	Carlisle Business Park	SR 123 Reconstruction Phase V	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 884,746
-	-	-	-	198,820
-	-	-	-	98,634
-	-	-	2,080	51,284
18,713	-	-	245,474	741,366
-	-	-	-	31,220
-	-	-	2,026	25,934
122,585	-	-	134,101	256,686
-	-	-	124,696	152,590
<u>141,298</u>	<u>-</u>	<u>-</u>	<u>508,377</u>	<u>2,441,280</u>
87,398	-	-	96,609	595,891
-	-	-	-	721,817
-	-	-	190,381	279,508
-	22,030	1,043	20,722	126,653
-	-	-	-	6,608
-	-	-	109,222	109,222
-	1,058,700	445,000	746,451	2,287,151
-	23,821	10,125	45,899	81,103
<u>87,398</u>	<u>1,104,551</u>	<u>456,168</u>	<u>1,209,284</u>	<u>4,207,953</u>
<u>53,900</u>	<u>(1,104,551)</u>	<u>(456,168)</u>	<u>(700,907)</u>	<u>(1,766,673)</u>
-	978,700	434,500	677,496	2,090,696
-	104,000	-	-	104,000
-	125,500	22,000	104,000	251,500
-	-	-	(60,000)	(251,500)
<u>-</u>	<u>1,208,200</u>	<u>456,500</u>	<u>721,496</u>	<u>2,194,696</u>
53,900	103,649	332	20,589	428,023
140,838	17,900	1	473,965	1,387,861
<u>\$ 194,738</u>	<u>\$ 121,549</u>	<u>\$ 333</u>	<u>\$ 494,554</u>	<u>\$ 1,815,884</u>

VILLAGE OF CARLISLE, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net change in fund balances - total governmental funds	\$	428,023
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>		
Capital asset additions	\$ 122,026	
Current year depreciation	<u>(163,482)</u>	
Total		(41,456)
<p>The effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets</p>		
		(164,708)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Income taxes	(3,856)	
Property taxes	7,474	
Special assessments	(6,935)	
Investment income	8,985	
Intergovernmental	<u>16,552</u>	
Total		22,220
<p>The issuance of notes provides current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net assets.</p>		
		(2,090,696)
<p>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 assets.</p>		
		2,287,151
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		14,984
<p>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.</p>		
		<u>(5,794)</u>
Change in net assets of governmental activities	\$	<u>449,724</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Income taxes	\$ 538,990	\$ 538,990	\$ 585,449	\$ 46,459
Property and other taxes	70,400	70,400	65,928	(4,472)
Licenses and permits	90,000	90,000	97,646	7,646
Fines and forfeitures	81,500	81,500	48,940	(32,560)
Intergovernmental	85,425	85,425	79,027	(6,398)
Special assessments	30,000	30,000	31,220	1,220
Investment income	9,000	9,000	23,212	14,212
Other	5,500	5,500	21,499	15,999
Total revenues	<u>910,815</u>	<u>910,815</u>	<u>952,921</u>	<u>42,106</u>
Expenditures:				
Current:				
General government	414,817	448,316	417,659	30,657
Security of persons and property	431,018	425,954	364,527	61,427
Community environment	107,050	90,050	81,757	8,293
Leisure time activity	7,900	7,900	6,796	1,104
Total expenditures	<u>960,785</u>	<u>972,220</u>	<u>870,739</u>	<u>101,481</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,970)</u>	<u>(61,405)</u>	<u>82,182</u>	<u>143,587</u>
Other financing sources (uses):				
Sale of capital assets	-	-	110	110
Advances in	257,066	257,066	257,066	-
Advances (out)	-	(4,928)	(4,928)	-
Transfers (out)	(197,000)	(191,500)	(191,500)	-
Total other financing sources (uses)	<u>60,066</u>	<u>60,638</u>	<u>60,748</u>	<u>110</u>
Net change in fund balances	10,096	(767)	142,930	143,697
Fund balances at beginning of year	282,818	282,818	282,818	-
Prior year encumbrances appropriated	<u>3,742</u>	<u>3,742</u>	<u>3,742</u>	<u>-</u>
Fund balance at end of year	<u>\$ 296,656</u>	<u>\$ 285,793</u>	<u>\$ 429,490</u>	<u>\$ 143,697</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY VEHICLE TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	368,785	372,312	377,401	5,089
Investment income	681	688	697	9
Total revenues	<u>369,466</u>	<u>373,000</u>	<u>378,098</u>	<u>5,098</u>
Expenditures:				
Current:				
Transportation	167,564	167,564	89,127	78,437
Total expenditures	<u>167,564</u>	<u>167,564</u>	<u>89,127</u>	<u>78,437</u>
Excess of revenues over expenditures	<u>201,902</u>	<u>205,436</u>	<u>288,971</u>	<u>83,535</u>
Other financing uses:				
Advances out	-	(257,066)	(257,066)	-
Total other financing uses	<u>-</u>	<u>(257,066)</u>	<u>(257,066)</u>	<u>-</u>
Net change in fund balances	201,902	(51,630)	31,905	83,535
Fund balances at beginning of year	5,373	5,373	5,373	-
Prior year encumbrances appropriated	<u>57,564</u>	<u>57,564</u>	<u>57,564</u>	<u>-</u>
Fund balance at end of year	<u>\$ 264,839</u>	<u>\$ 11,307</u>	<u>\$ 94,842</u>	<u>\$ 83,535</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 POLICE SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 262,960	\$ 262,960	\$ 292,606	\$ 29,646
Other	-	-	1,317	1,317
Total revenues.	<u>262,960</u>	<u>262,960</u>	<u>293,923</u>	<u>30,963</u>
Expenditures:				
Current:				
Security of persons and property	<u>270,013</u>	<u>274,013</u>	<u>269,166</u>	<u>4,847</u>
Total expenditures	<u>270,013</u>	<u>274,013</u>	<u>269,166</u>	<u>4,847</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(7,053)</u>	<u>(11,053)</u>	<u>24,757</u>	<u>35,810</u>
Other financing sources:				
Proceeds from sale of capital assets	-	-	5,255	5,255
Total other financing sources.	-	-	5,255	5,255
Net change in fund balances	(7,053)	(11,053)	30,012	41,065
Fund balances at beginning of year	218,781	218,781	218,781	-
Prior year encumbrances appropriated	<u>7,013</u>	<u>7,013</u>	<u>7,013</u>	<u>-</u>
Fund balance at end of year	<u>\$ 218,741</u>	<u>\$ 214,741</u>	<u>\$ 255,806</u>	<u>\$ 41,065</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FIRE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	110,000	110,000	132,892	22,892
Intergovernmental	17,500	17,500	23,692	6,192
Other	-	-	572	572
Total revenues	<u>127,500</u>	<u>127,500</u>	<u>157,156</u>	<u>29,656</u>
Expenditures:				
Current:				
Security of persons and property	102,694	122,814	108,473	14,341
Debt service:				
Principal retirement	37,000	37,000	37,000	-
Interest and fiscal charges	1,500	1,500	1,258	242
Total expenditures	<u>141,194</u>	<u>161,314</u>	<u>146,731</u>	<u>14,583</u>
Excess of expenditures over revenues	<u>(13,694)</u>	<u>(33,814)</u>	<u>10,425</u>	<u>44,239</u>
Other financing sources:				
Sale of capital assets	-	-	825	825
Total other financing sources	<u>-</u>	<u>-</u>	<u>825</u>	<u>825</u>
Net change in fund balances	(13,694)	(33,814)	11,250	45,064
Fund balances at beginning of year	45,603	45,603	45,603	-
Prior year encumbrances appropriated	2,544	2,544	2,544	-
Fund balance at end of year	<u>\$ 34,453</u>	<u>\$ 14,333</u>	<u>\$ 59,397</u>	<u>\$ 45,064</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 TIMBER RIDGE TIF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Payment in lieu of taxes	\$ 100,000	\$ 100,000	\$ 122,585	\$ 22,585
Intergovernmental	16,300	16,300	18,713	2,413
Total revenues	<u>116,300</u>	<u>116,300</u>	<u>141,298</u>	<u>24,998</u>
Expenditures:				
Current:				
General government	<u>75,000</u>	<u>87,398</u>	<u>87,398</u>	<u>-</u>
Total expenditures	<u>75,000</u>	<u>87,398</u>	<u>87,398</u>	<u>-</u>
Net change in fund balances	41,300	28,902	53,900	24,998
Fund balances at beginning of year	<u>140,838</u>	<u>140,838</u>	<u>140,838</u>	<u>-</u>
Fund balance at end of year	<u>\$ 182,138</u>	<u>\$ 169,740</u>	<u>\$ 194,738</u>	<u>\$ 24,998</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 1,181,707	\$ 235,822	\$ 163,586	\$ 1,581,115
Receivables (net of allowance for uncollectibles):				
Accounts	49,017	16,076	21,701	86,794
Special assessments	45,744	-	3,298	49,042
Due from other governments	-	-	957	957
Materials and supplies inventory	918	-	77	995
Prepayments	3,006	315	460	3,781
Total current assets	<u>1,280,392</u>	<u>252,213</u>	<u>190,079</u>	<u>1,722,684</u>
Noncurrent assets:				
Capital assets:				
Depreciable capital assets, net	3,483,851	1,061,600	-	4,545,451
Total capital assets, net	<u>3,483,851</u>	<u>1,061,600</u>	<u>-</u>	<u>4,545,451</u>
Total noncurrent assets	<u>3,483,851</u>	<u>1,061,600</u>	<u>-</u>	<u>4,545,451</u>
Total assets	<u>4,764,243</u>	<u>1,313,813</u>	<u>190,079</u>	<u>6,268,135</u>
Liabilities:				
Current liabilities:				
Accounts payable	71,431	-	-	71,431
Accrued wages and benefits	4,032	297	610	4,939
Compensated absences	2,491	236	393	3,120
Due to other governments	8,732	608	1,578	10,918
Total current liabilities	<u>86,686</u>	<u>1,141</u>	<u>2,581</u>	<u>90,408</u>
Long-term liabilities:				
Compensated absences	1,506	-	2	1,508
Total long-term liabilities	<u>1,506</u>	<u>-</u>	<u>2</u>	<u>1,508</u>
Total liabilities	<u>88,192</u>	<u>1,141</u>	<u>2,583</u>	<u>91,916</u>
Net assets:				
Invested in capital assets	3,483,851	1,061,600	-	4,545,451
Unrestricted	<u>1,192,200</u>	<u>251,072</u>	<u>187,496</u>	<u>1,630,768</u>
Total net assets	<u>\$ 4,676,051</u>	<u>\$ 1,312,672</u>	<u>\$ 187,496</u>	<u>\$ 6,176,219</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Operating revenues:				
Charges for services	\$ 1,185,056	\$ 207,679	\$ 327,361	\$ 1,720,096
Tap-in fees	36,882	25,084	-	61,966
Other	2,493	2,176	-	4,669
Total operating revenues.	<u>1,224,431</u>	<u>234,939</u>	<u>327,361</u>	<u>1,786,731</u>
Operating expenses:				
Personal services	381,765	28,864	63,118	473,747
Contract services	1,004,626	148,467	269,702	1,422,795
Materials and supplies	13,104	598	-	13,702
Transportation.	1,683	105	60	1,848
Depreciation	289,199	52,799	-	341,998
Other	932	244	-	1,176
Total operating expenses.	<u>1,691,309</u>	<u>231,077</u>	<u>332,880</u>	<u>2,255,266</u>
Operating income (loss)	<u>(466,878)</u>	<u>3,862</u>	<u>(5,519)</u>	<u>(468,535)</u>
Nonoperating revenues:				
Intergovernmental	-	-	5,957	5,957
Total nonoperating revenues.	<u>-</u>	<u>-</u>	<u>5,957</u>	<u>5,957</u>
Change in net assets	(466,878)	3,862	438	(462,578)
Net assets at beginning of year	<u>5,142,929</u>	<u>1,308,810</u>	<u>187,058</u>	<u>6,638,797</u>
Net assets at end of year	<u>\$ 4,676,051</u>	<u>\$ 1,312,672</u>	<u>\$ 187,496</u>	<u>\$ 6,176,219</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,275,277	\$ 227,429	\$ 337,684	\$ 1,840,390
Cash received from other operations	2,692	2,188	47	4,927
Cash payments for personal services	(383,693)	(29,048)	(63,612)	(476,353)
Cash payments for contractual services	(979,226)	(148,565)	(269,092)	(1,396,883)
Cash payments for materials and supplies	(33,356)	(598)	(32)	(33,986)
Cash payments for transportation	(1,683)	(105)	(60)	(1,848)
Cash payments for other expenses	(376)	(244)	-	(620)
Net cash provided by (used in) operating activities	<u>(120,365)</u>	<u>51,057</u>	<u>4,935</u>	<u>(64,373)</u>
Cash flows from noncapital financing activities:				
Cash received from grants	-	-	5,000	5,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(19,585)	-	-	(19,585)
Net cash used in capital and related financing activities	<u>(19,585)</u>	<u>-</u>	<u>-</u>	<u>(19,585)</u>
Net increase (decrease) in cash and cash equivalents	(139,950)	51,057	9,935	(78,958)
Cash and cash equivalents at beginning of year	<u>1,321,657</u>	<u>184,765</u>	<u>153,651</u>	<u>1,660,073</u>
Cash and cash equivalents at end of year	<u>\$ 1,181,707</u>	<u>\$ 235,822</u>	<u>\$ 163,586</u>	<u>\$ 1,581,115</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (466,878)	\$ 3,862	\$ (5,519)	\$ (468,535)
Adjustments:				
Depreciation	289,199	52,799	-	341,998
Changes in assets and liabilities:				
(Increase) in materials and supplies inventory	(111)	-	(32)	(143)
(Increase) decrease in accounts receivable	63,524	(5,322)	11,090	69,292
(Increase) in special assessments	(9,986)	-	(720)	(10,706)
(Increase) decrease in prepayments	1,773	(98)	610	2,285
Increase in accounts payable	4,342	-	-	4,342
Decrease in accrued wages and benefits	(177)	(22)	(24)	(223)
Decrease in due to other governments	(1,968)	(146)	(341)	(2,455)
Decrease in compensated absences payable	(83)	(16)	(129)	(228)
Net cash provided by (used in) operating activities	<u>\$ (120,365)</u>	<u>\$ 51,057</u>	<u>\$ 4,935</u>	<u>\$ (64,373)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2011

	<u>Agency</u>
Assets:	
Cash in segregated accounts.	<u>\$ 7,368</u>
Total assets	<u>\$ 7,368</u>
Liabilities:	
Undistributed monies	<u>\$ 7,368</u>
Total liabilities.	<u>\$ 7,368</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - DESCRIPTION OF THE VILLAGE

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The Village also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The Village has the option to also apply FASB guidance issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to apply this FASB guidance. The Village's significant accounting policies are described below.

A. Reporting Entity

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

B. Basis of Presentation - Fund Accounting

The Village's BFS consists of government-wide statements, including a statement of net assets 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 assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type activities.

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

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

C. Fund Accounting

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

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

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

County vehicle tax fund - The county vehicle tax fund receives money that is committed from county permissive tag fees and county grants.

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

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

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

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

SR 123 Reconstruction Phase V - The SR 123 Reconstruction Phase V fund receives money from the sale of notes earmarked that are restricted for construction projects.

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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 and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

E. Basis of Accounting

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

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

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

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2011, are recorded as deferred revenue on the fund financial statements.

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

F. Budgetary Data

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

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to January 1, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the first and final amended official certificate of estimated resources issued during 2011.

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.

VILLAGE OF CARLISLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

G. Cash and Cash Equivalents

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

The Village has segregated bank accounts for monies held separate from the Village's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited in the Village treasury.

During 2011, investments were limited to nonnegotiable certificates of deposit which are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2011 amount to \$23,211 which includes \$16,592 assigned from other Village funds.

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

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

H. Inventories of Materials and Supplies

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost 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 an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

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 assets, 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 assets and in the respective funds.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

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

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

J. Compensated Absences

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

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

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Activity

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

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

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

M. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2011, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

N. Fund Balance

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

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

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

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

O. Estimates

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

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes consist of funds restricted for the mayor's court improvement fund (a nonmajor governmental fund).

The Village applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Village Council and that are either unusual in nature or infrequent in occurrence. During 2011, the Village had no extraordinary or special items.

R. Interfund Balances

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2011, the Village has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the Village.

B. Deficit Fund Balances

Fund balances at December 31, 2011 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Eagle court special assessment	\$ 4,332

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

VILLAGE OF CARLISLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

A. Cash in Segregated Accounts

At December 31, 2011, \$7,368 was deposited in a segregated account for the Village's Mayor's Court. This amount is excluded from the internal cash pool and is reported on the statement of fiduciary net assets as "cash in segregated accounts".

B. Deposits with Financial Institutions

At December 31, 2011, the carrying amount of all Village deposits was \$3,203,810. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2011, \$2,133,252 of the Village's bank balance of \$3,390,620 was exposed to custodial risk as discussed below, while \$1,257,368 was covered by the FDIC.

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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 assets as of December 31, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,203,810
Cash in segregated accounts	<u>7,368</u>
Total	<u>\$ 3,211,178</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 1,622,695
Business type activities	1,581,115
Agency funds	<u>7,368</u>
Total	<u>\$ 3,211,178</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2011, consisted of the following, as reported on the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>
	<u>General</u>
Carlisle business park	\$ 125,500
Nonmajor governmental funds	<u>66,000</u>
Total	<u>\$ 191,500</u>
	<u>Nonmajor governmental funds</u>
Nonmajor governmental funds	\$ 38,000
State Route 123/Reconstruction Phase V	<u>22,000</u>
Total	<u>\$ 60,000</u>

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund loans consisted of the following at December 31, 2011, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 4,928</u>

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

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Village of Carlisle. The County Auditor periodically remits to the Village its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2011 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes has been offset by deferred revenue 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.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all Village operations for the year ended December 31, 2011 was \$3.81 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2011 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 73,712,830
Commercial/industrial/mineral	24,000
 <u>Public utility</u>	
Real	6,460
Personal	<u>3,443,360</u>
Total assessed value	<u><u>\$ 77,186,650</u></u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2011, consisted of taxes, accounts (billings for user charged services), accrued interest, special assessments and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2011.

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

Governmental activities:

Income taxes	\$ 239,971
Property and other taxes	204,206
Payment in lieu of taxes	154,318
Accounts	64,818
Accrued interest	11,563
Special assessments	3,298
Due from other governemnts	233,637

Business-type activities:

Accounts	86,794
Special assessments	49,042
Due from other governments	957

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 8 - MUNICIPAL INCOME TAXES

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

The Village's income tax ordinance requires a portion of the income tax receipts to be used to finance public safety forces. As a result, this portion of the receipts is allocated to the police services special revenue fund each year. The remaining income tax receipts are to be used to pay the cost of administering the tax and general fund operations, as determined by Council. Income tax revenue for 2011 was \$884,746 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, 2011, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/11</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,471,040	\$ -	\$ (164,708)	\$ 1,306,332
Construction in progress	<u>203,275</u>	<u>68,439</u>	<u>-</u>	<u>271,714</u>
Total capital assets, not being depreciated	<u>1,674,315</u>	<u>68,439</u>	<u>(164,708)</u>	<u>1,578,046</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,219,236	39,418	-	1,258,654
Furniture and equipment	241,020	14,169	-	255,189
Vehicles	663,233	-	(72,710)	590,523
Infrastructure	<u>2,275,057</u>	<u>-</u>	<u>-</u>	<u>2,275,057</u>
Total capital assets, being depreciated	<u>4,398,546</u>	<u>53,587</u>	<u>(72,710)</u>	<u>4,379,423</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(530,673)	(24,778)	-	(555,451)
Furniture and equipment	(121,563)	(19,643)	-	(141,206)
Vehicles	(560,711)	(27,395)	72,710	(515,396)
Infrastructure	<u>(311,596)</u>	<u>(91,666)</u>	<u>-</u>	<u>(403,262)</u>
Total accumulated depreciation	<u>(1,524,543)</u>	<u>(163,482)</u>	<u>72,710</u>	<u>(1,615,315)</u>
Total capital assets, being depreciated, net	<u>2,874,003</u>	<u>(109,895)</u>	<u>-</u>	<u>2,764,108</u>
Governmental activities capital assets, net	<u>\$ 4,548,318</u>	<u>\$ (41,456)</u>	<u>\$ (164,708)</u>	<u>\$ 4,342,154</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$ 15,302
Security of persons and property	29,723
Community environment	7,793
Transportation	106,991
Leisure time activity	<u>3,673</u>
Total depreciation expense - governmental activities	<u>\$ 163,482</u>

B. Business-type activities

Capital asset activity for the business-type activities for the year ended December 31, 2011, was as follows:

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/11</u>
<u>Business-type activities:</u>				
<i>Capital assets, being depreciated</i>				
Furniture and equipment	\$ 166,537	\$ 8,975	\$ -	\$ 175,512
Vehicles	183,144	-	-	183,144
Infrastructure	<u>12,901,514</u>	<u>10,610</u>	<u>-</u>	<u>12,912,124</u>
Total capital assets, being depreciated	<u>13,251,195</u>	<u>19,585</u>	<u>-</u>	<u>13,270,780</u>
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	(108,524)	(11,953)	-	(120,477)
Vehicles	(163,226)	(7,372)	-	(170,598)
Infrastructure	<u>(8,111,581)</u>	<u>(322,673)</u>	<u>-</u>	<u>(8,434,254)</u>
Total accumulated depreciation	<u>(8,383,331)</u>	<u>(341,998)</u>	<u>-</u>	<u>(8,725,329)</u>
Business-type activities capital assets, net	<u>\$ 4,867,864</u>	<u>\$ (322,413)</u>	<u>\$ -</u>	<u>\$ 4,545,451</u>

Depreciation was charged to departments of the Village as follows:

Business-type activities:

Sewer	\$ 289,199
Water	<u>52,799</u>
Total depreciation expense - business-type activities	<u>\$ 341,998</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2011, the liability for unpaid compensated absences was \$17,801 for the entire Village.

NOTE 11 - LONG-TERM OBLIGATIONS

During 2011, the following changes occurred in the Village's long-term obligations:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/11</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>General obligation bonds and notes:</u>					
Road Improvements - 4.26%	\$ 295,000	\$ -	\$ (15,000)	\$ 280,000	\$ 20,000
Real Estate Acquisition - 2.25%	-	265,000	-	265,000	265,000
Real Estate Acquisition - 2.25%	295,000	-	(295,000)	-	-
Equipment Acquisition - 3.40%	37,000	-	(37,000)	-	-
Business Park Improvements - 2.25%	-	713,700	-	713,700	713,700
Business Park Improvements - 2.25%	763,700	-	(763,700)	-	-
Bond Anticipation Notes - 2.50%	-	795,250	-	795,250	795,250
Bond Anticipation Notes - 2.25%	814,500	-	(814,500)	-	-
Road Improvement Note - 1.88%	-	316,746	-	316,746	316,746
Road Improvement Note - 2.25%	<u>327,500</u>	<u>-</u>	<u>(327,500)</u>	<u>-</u>	<u>-</u>
Total general obligation bonds	<u>2,532,700</u>	<u>2,090,696</u>	<u>(2,252,700)</u>	<u>2,370,696</u>	<u>2,110,696</u>
<u>Special assessment bonds:</u>					
Jamaica Road Improvements - 6.00%	21,725	-	(1,451)	20,274	1,538
Union Road Extension - 6.25%	93,000	-	(13,000)	80,000	14,000
Road Improvements - 4.15%	<u>190,000</u>	<u>-</u>	<u>(20,000)</u>	<u>170,000</u>	<u>20,000</u>
Total special assessment bonds	<u>304,725</u>	<u>-</u>	<u>(34,451)</u>	<u>270,274</u>	<u>35,538</u>
<u>Other long-term obligations:</u>					
Compensated absences	<u>7,379</u>	<u>12,123</u>	<u>(6,329)</u>	<u>13,173</u>	<u>6,274</u>
Total other long-term obligations	<u>7,379</u>	<u>12,123</u>	<u>(6,329)</u>	<u>13,173</u>	<u>6,274</u>
Total governmental activities long-term obligations	<u>\$ 2,844,804</u>	<u>\$ 2,102,819</u>	<u>\$ (2,293,480)</u>	<u>\$ 2,654,143</u>	<u>\$ 2,152,508</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-type activities:</u>	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/11</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>Other long-term obligations:</u>					
Compensated absences	\$ 4,856	\$ 3,545	\$ (3,773)	\$ 4,628	\$ 3,120
Total business-type activities long-term obligations	<u>\$ 4,856</u>	<u>\$ 3,545</u>	<u>\$ (3,773)</u>	<u>\$ 4,628</u>	<u>\$ 3,120</u>

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

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

General obligation notes - The real estate acquisition notes were issued for \$295,000 on March 25, 2010, bear an interest rate of 2.25% and matured on March 25, 2011. These notes were used to retire the \$325,000 real estate acquisition notes which matured on March 26, 2010. The equipment acquisition notes were issued for \$37,000 on January 6, 2010, bear an interest rate of 3.40% and matured on January 6, 2011. These notes were used to retire the \$74,000 equipment acquisition notes which matured on January 6, 2010. The business park improvement notes were issued for \$763,700 on December 9, 2010, bear an interest rate of 2.25% and matured on December 9, 2011. These notes were used to retire the \$813,750 business park improvement notes which matured on December 9, 2010. The bond anticipation notes were issued for \$814,500 on May 21, 2010, bear an interest rate of 2.25% and matured on May 20, 2011. These notes were used to retire the \$840,750 bond anticipation notes which matured on May 20, 2010. The road improvement notes were issued for \$327,500 on June 17, 2010, bear an interest rate of 2.25% and matured on June 17, 2011. These notes were used to retire the \$332,500 road improvement notes which matured on June 17, 2010.

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Debt margin - The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the Village's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the Village's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2011, the Village's total debt margin was \$7,829,863 and the unvoted debt margin was \$4,245,266.

Principal and interest requirements to retire the Village's bonds outstanding at December 31, 2011 were:

Year Ending December 31,	Jamaica Road Improvements			Union Road Extension		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,538	\$ 1,216	\$ 2,754	\$ 14,000	\$ 5,000	\$ 19,000
2013	1,631	1,124	2,755	15,000	4,125	19,125
2014	1,728	1,026	2,754	16,000	3,188	19,188
2015	1,832	923	2,755	17,000	2,188	19,188
2016	1,942	813	2,755	18,000	1,125	19,125
2017 - 2021	11,603	2,170	13,773	-	-	-
Total	<u>\$ 20,274</u>	<u>\$ 7,272</u>	<u>\$ 27,546</u>	<u>\$ 80,000</u>	<u>\$ 15,626</u>	<u>\$ 95,626</u>

Year Ending December 31,	Eagle Court			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 20,000	\$ 8,860	\$ 28,860	\$ 20,000	\$ 12,870	\$ 32,870
2013	20,000	7,850	27,850	20,000	12,100	32,100
2014	25,000	6,830	31,830	20,000	11,300	31,300
2015	25,000	5,543	30,543	20,000	10,480	30,480
2016	25,000	4,243	29,243	20,000	9,630	29,630
2017 - 2021	55,000	4,535	59,535	120,000	32,986	152,986
2022 - 2023	-	-	-	60,000	4,560	64,560
Total	<u>\$ 170,000</u>	<u>\$ 37,861</u>	<u>\$ 207,861</u>	<u>\$ 280,000</u>	<u>\$ 93,926</u>	<u>\$ 373,926</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 12 - RISK MANAGEMENT

The Municipality 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 2011, the Municipality contracted with several companies for various types of insurance as follows. The risk of loss transfers to the insurance carrier upon payment of the premium. The following is a summary of the Municipality's insurance coverage:

<u>Company</u>	<u>Type</u>	<u>Deductible</u>	<u>Coverage</u>
The Ohio Plan	Commercial Property	\$1,000	\$3,077,769
The Ohio Plan	Scheduled & Misc. Equipment	\$1,000	\$589,110
The Ohio Plan	Auto Comprehensive & Collision	\$500	ACV
The Ohio Plan	Emergency Auto Comprehensive & Collision	\$500	939,152
The Ohio Plan	Auto Liability	-	\$5,000,000
The Ohio Plan	General Liability	-	\$5,000,000
The Ohio Plan	Public Officials Liability	\$1,000	\$5,000,000
The Ohio Plan	Employee Bonding		
	- City Manager	-	\$35,000
	- Finance Director	-	\$35,000
	- Public Employee	-	\$35,000
The Ohio Plan	Law Enforcement Operations	\$1,000	\$5,000,000
The Ohio Plan	Wrongful Acts	\$5,000	\$5,000,000

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and contribution rates were consistent across all three plans. The 2011 member contribution rates were 10.00% for members. The Village's contribution rate for 2011 was 14.00% of covered payroll.

The Village's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10.00%. The Village's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$51,687, \$41,367, and \$52,461, respectively; 90.11% has been contributed for 2011 and 100% has been contributed for 2010 and 2009. Contributions to the member-directed plan for 2011 were \$4,434 made by the Village and \$3,167 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the Village is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2011, the portion of the Village's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The Village's required contributions for pension obligations to OP&F for police officers was \$21,211 for the year ended December 31, 2011, \$33,601 for the year ended December 31, 2010, and \$37,782 for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 49.92% has been contributed for police.

NOTE 14 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2011 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2011 was 6.05%.

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

VILLAGE OF CARLISLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$20,726, \$23,583, and \$37,933, respectively; 90.11% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

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

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

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers was \$11,229 for the year ended December 31, 2011, \$17,789 for the year ended December 31, 2010, and \$20,002, for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 49.92% has been contributed for police.

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to restricted, committed or assigned 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) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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>	County Vehicle <u>Tax</u>	Police <u>Services</u>	<u>Fire</u>	Timber <u>Ridge TIF</u>
Budget basis	\$ 142,930	\$ 31,905	\$ 30,012	\$ 11,250	\$ 53,900
Net adjustment for revenue accruals	1,497	(133)	7,318	825	-
Net adjustment for expenditure accruals	3,033	-	8,646	(2,177)	-
Net adjustment for other sources/uses	(252,248)	257,066	(5,255)	(825)	-
Adjustment for encumbrances	<u>6,820</u>	<u>-</u>	<u>532</u>	<u>8,357</u>	<u>-</u>
GAAP basis	<u>\$ (97,968)</u>	<u>\$ 288,838</u>	<u>\$ 41,253</u>	<u>\$ 17,430</u>	<u>\$ 53,900</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 16 - FUND BALANCE

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

Fund balance	General	County Vehicle Tax	Police Services	Fire	Timber Ridge TIF
Nonspendable:					
Materials and supplies inventory	\$ 7,043	\$ -	\$ -	\$ 537	\$ -
Prepays	<u>8,029</u>	<u>-</u>	<u>3,183</u>	<u>1,621</u>	<u>-</u>
Total nonspendable	<u>15,072</u>	<u>-</u>	<u>3,183</u>	<u>2,158</u>	<u>-</u>
Restricted:					
Capital improvements	-	-	-	-	194,738
Security of persons and property	-	-	272,074	60,858	-
Community environment	-	-	-	-	-
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total restricted	<u>-</u>	<u>-</u>	<u>272,074</u>	<u>60,858</u>	<u>194,738</u>
Committed:					
Transportation	-	104,164	-	-	-
Debt service	-	-	-	-	-
Capital improvements	-	-	-	-	-
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total committed	<u>-</u>	<u>104,164</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned:					
General government	<u>138,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assigned	<u>138,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned (deficit)	<u>409,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 562,273</u>	<u>\$ 104,164</u>	<u>\$ 275,257</u>	<u>\$ 63,016</u>	<u>\$ 194,738</u>

Continued-

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 16 - FUND BALANCE - (Continued)

Fund balance	Carlisle Business Park	SR 123 Reconstruction Phase V	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ -	\$ -	\$ 14,316	\$ 21,896
Prepays	-	-	1,258	14,091
Total nonspendable	-	-	15,574	35,987
Restricted:				
Capital improvements	-	333	25,715	220,786
Security of persons and property	-	-	-	332,932
Community environment	121,549	-	-	121,549
Other purposes	-	-	379,327	379,327
Total restricted	121,549	333	405,042	1,054,594
Committed:				
Transportation	-	-	-	104,164
Debt service	-	-	4,669	4,669
Capital improvements	-	-	71,921	71,921
Other purposes	-	-	1,680	1,680
Total committed	-	-	78,270	182,434
Assigned:				
General government	-	-	-	138,056
Total assigned	-	-	-	138,056
Unassigned (deficit)	-	-	(4,332)	404,813
Total fund balances	<u>\$ 121,549</u>	<u>\$ 333</u>	<u>\$ 494,554</u>	<u>\$ 1,815,884</u>

VILLAGE OF CARLISLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 17 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 5,995
Police services	532
Fire	3,358
Road	7,208
Carlisle business park	50
Other governmental funds	12,673
Total	<u>\$ 29,816</u>

NOTE 18 - CONTINGENCIES

A. Grants

The Village receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Village at December 31, 2011.

B. Litigation

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

NOTE 19 - SIGNIFICANT SUBSEQUENT EVENTS

On March 23, 2012, the City issued a \$131,000 general obligation note to retire a portion of the \$265,000 general obligation note used for real estate acquisition that was issued on March 25, 2011 (See Note 11). This note bears an interest rate of 2.00% and matures on March 22, 2013.

On May 18, 2012, the City issued a \$780,765 general obligation note to retire a portion of the \$795,250 general obligation note used for road improvements that was issued on May 20, 2011 (See Note 11). This note bears an interest rate of 2.50% and matures on May 18, 2013.

On May 18, 2012, the City issued \$310,735 general obligation note to retire a portion of the \$316,746 general obligation note used for road improvements that was issued on June 17, 2011 (See Note 11). This note bears an interest rate of 2.50% and matures on May 18, 2013.

On December 7, 2012, the City issued \$663,700 general obligation note to retire a portion of the \$713,700 general obligation note used for road improvements that was issued on December 9, 2011 (See Note 11). This note bears an interest rate of 2.25% and matures on December 6, 2013.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

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

To the Members of Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Carlisle, Warren County, (the Village) as of and for the year ended December 31, 2011, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 26, 2013, wherein we noted the Village implemented Governmental Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

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

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

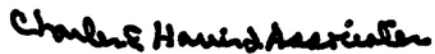
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris and Associates, Inc.
July 26, 2013

VILLAGEY OF CARLISLE
WARREN COUNTY, OHIO
For the Year Ended December 31, 2011

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2010-CARL-01	Financial Statements Misstated	Yes	

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Dave Yost • Auditor of State

VILLAGE OF CARLISLE

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 7, 2013**