



Dave Yost • Auditor of State



VILLAGE OF CARLISLE  
WARREN COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carlisle, Warren County, Ohio (the Village), as of and for the year ended December 31, 2013, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Fire, Timber Ridge TIF, and Police Services funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 15, 2015

## VILLAGE OF CARLISLE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 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, 2013. 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 2013 are as follows:

- The total net position of the Village increased \$145,275. Net position of governmental activities increased \$265,157 or 5.34% from 2012 and net position of business-type activities decreased \$119,882 or 2.05% from 2012.
- General revenues accounted for \$1,508,280 or 61.13% of total governmental activities revenue. Program specific revenues accounted for \$959,012 or 38.87% of total governmental activities revenue.
- The Village had \$2,202,135 in expenses related to governmental activities; \$959,012 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$1,243,123 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$1,508,280.
- The general fund had revenues of \$1,038,480 in 2013. This represents an increase of \$104,700 from 2012. The expenditures and other financing uses of the general fund, which totaled \$981,334 in 2013, increased \$25,544 from 2012. The net increase in fund balance for the general fund was \$57,146 or 10.58%.
- The fire fund had revenues of \$155,673 in 2013. The expenditures of the fire fund totaled \$115,457 in 2013. The net increase in fund balance for the fire fund was \$40,216 or 37.30%.
- The Timber Ridge TIF fund had revenues of \$201,304 in 2013. The expenditures of the Timber Ridge TIF fund totaled \$153,603 in 2013. The net increase in fund balance for the Timber Ridge TIF fund was \$47,701 or 70.17%.
- The police services fund had revenues of \$313,617 in 2013. The expenditures of the police services fund totaled \$318,040 in 2013. The net decrease in fund balance for the police services fund was \$4,423 or 1.68%.
- The Carlisle Business Park fund had revenues and other financing sources of \$789,700 in 2013. The expenditures of the Carlisle Business Park fund totaled \$812,173 in 2013. The net decrease in fund balance for the Carlisle Business Park fund was \$22,473 or 37.00%.
- The SR 123 Reconstruction Phase V fund had other financing sources of \$438,000 in 2013. The expenditures of the SR 123 Reconstruction Phase V fund totaled \$435,268. The net increase in fund balance for the SR 123 Reconstruction Phase V fund was \$2,732 or 176.14%.
- Net position for the business-type activities, which are made up of the sewer, water and refuse enterprise funds, decreased in 2013 by \$119,882. This decrease in net position was due primarily to expenses exceeding revenues.
- In the general fund, the actual revenues and other financing sources came in \$5,098 lower than they were in the final budget and actual expenditures and other financing uses were \$146,871 less than the amount in the final budget. Budgeted expenditures and other financing uses were increased \$48,550 from the original to the final budget. Budgeted revenues remained the same in the original and final budget.

**VILLAGE OF CARLISLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED**

**Using this Annual Financial Report**

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

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

**Reporting the Village as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains a large number of funds used by the Village to provide programs and activities, the view of the Village as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows, liabilities and deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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



## VILLAGE OF CARLISLE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 UNAUDITED

#### **Reporting the Village's Most Significant Funds**

##### ***Fund Financial Statements***

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

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

##### ***Governmental Funds***

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

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

The Village maintains a multitude of individual governmental funds. The Village has segregated these funds into major funds and nonmajor funds. The Village's major governmental funds are the general fund, fire fund, timber ridge TIF fund, police services fund, Carlisle Business Park fund, 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 24-34 of this report.

##### ***Proprietary Funds***

The Village maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its sewer, water and refuse management functions. All of the Village's enterprise funds are considered major funds. The basic proprietary fund financial statements can be found on pages 35-37 of this report.

##### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. An agency fund is the Village's only fiduciary fund type. The statement of fiduciary net position can be found on page 38.

**VILLAGE OF CARLISLE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
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 39-68 of this report.

**Government-Wide Financial Analysis**

The table below provides a summary of the Village's net position at December 31, 2013 and 2012:

	<b>Net Position</b>					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	2013 Total	2012 Total
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>		
<u>Assets</u>						
Current and other assets	\$ 2,529,496	\$ 1,974,137	\$ 2,445,940	\$ 1,715,499	\$ 4,503,633	\$ 4,161,439
Capital assets, net	<u>5,370,372</u>	<u>3,892,836</u>	<u>5,344,984</u>	<u>4,233,852</u>	<u>9,263,208</u>	<u>9,578,836</u>
Total assets	<u>7,899,868</u>	<u>5,866,973</u>	<u>7,790,924</u>	<u>5,949,351</u>	<u>13,766,841</u>	<u>13,740,275</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	2,208,698	11,836	2,393,750	6,971	2,220,534	2,400,721
Other liabilities	<u>57,793</u>	<u>130,801</u>	<u>74,380</u>	<u>98,162</u>	<u>188,594</u>	<u>172,542</u>
Total liabilities	<u>2,266,491</u>	<u>142,637</u>	<u>2,468,130</u>	<u>105,133</u>	<u>2,409,128</u>	<u>2,573,263</u>
<u>Deferred inflows of resources</u>						
Property taxes levied for the next fiscal year	177,568	-	179,622	-	177,568	179,622
Payment in lieu of taxes	<u>222,000</u>	<u>-</u>	<u>174,520</u>	<u>-</u>	<u>222,000</u>	<u>174,520</u>
Total deferred inflows	<u>399,568</u>	<u>-</u>	<u>354,142</u>	<u>-</u>	<u>399,568</u>	<u>354,142</u>
<u>Net Position</u>						
Net investment in capital assets	3,381,672	3,892,836	3,458,784	4,233,852	7,274,508	7,692,636
Restricted	1,413,854	-	1,418,530	-	1,413,854	1,418,530
Unrestricted	<u>438,283</u>	<u>1,831,500</u>	<u>91,338</u>	<u>1,610,366</u>	<u>2,269,783</u>	<u>1,701,704</u>
Total net position	<u>\$ 5,233,809</u>	<u>\$ 5,724,336</u>	<u>\$ 4,968,652</u>	<u>\$ 5,844,218</u>	<u>\$ 10,958,145</u>	<u>\$ 10,812,870</u>

**VILLAGE OF CARLISLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED**

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2013, the Village's assets exceeded liabilities by \$10,958,145. At year-end, net position was \$5,233,809 and \$5,724,336 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 67.98% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investment in capital assets at December 31, 2013, were \$3,381,672 and \$3,892,836 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Village's net position, \$1,413,854, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is \$438,283.

**VILLAGE OF CARLISLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED**

The table below shows the changes in net position for 2013 and 2012.

			<b>Change in Net Position</b>			
	Governmental	Business-type	Governmental	Business-type	2013	2012
	Activities	Activities	Activities	Activities	Total	Total
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>	<u>Total</u>	<u>Total</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 372,612	\$ 2,445,872	\$ 239,346	\$ 1,391,750	\$ 2,818,484	\$ 1,631,096
Operating grants and contributions	524,185	1,011	457,372	326,228	525,196	783,600
Capital grants and contributions	<u>62,215</u>	<u>-</u>	<u>899,509</u>	<u>361,855</u>	<u>62,215</u>	<u>1,261,364</u>
Total program revenues	<u>959,012</u>	<u>2,446,883</u>	<u>1,596,227</u>	<u>2,079,833</u>	<u>3,405,895</u>	<u>3,676,060</u>
General revenues:						
Property taxes	182,525	-	196,351	-	182,525	196,351
Income taxes	949,578	-	914,468	-	949,578	914,468
Unrestricted grants and entitlements	175,661	-	105,172	-	175,661	105,172
Payment in lieu of taxes	165,049	-	115,456	-	165,049	115,456
Investment earnings	990	-	6,334	-	990	6,334
Miscellaneous	<u>34,477</u>	<u>-</u>	<u>7,619</u>	<u>-</u>	<u>34,477</u>	<u>7,619</u>
Total general revenues	<u>1,508,280</u>	<u>-</u>	<u>1,345,400</u>	<u>-</u>	<u>1,508,280</u>	<u>1,345,400</u>
Total revenues	<u>2,467,292</u>	<u>2,446,883</u>	<u>2,941,627</u>	<u>2,079,833</u>	<u>4,914,175</u>	<u>5,021,460</u>
<b>Expenses:</b>						
General government	748,581	-	598,777	-	748,581	598,777
Security of persons and property	798,096	-	763,411	-	798,096	763,411
Transportation	423,566	-	236,529	-	423,566	236,529
Community environment	168,041	-	131,818	-	168,041	131,818
Leisure time activity	11,555	-	10,852	-	11,555	10,852
Other	1,500	-	-	-	1,500	-
Interest and fiscal charges	50,796	-	64,207	-	50,796	64,207
Sewer	-	1,871,014	-	1,779,262	1,871,014	1,779,262
Refuse	-	342,718	-	298,213	342,718	298,213
Water	<u>-</u>	<u>353,033</u>	<u>-</u>	<u>334,359</u>	<u>353,033</u>	<u>334,359</u>
Total expenses	<u>2,202,135</u>	<u>2,566,765</u>	<u>1,805,594</u>	<u>2,411,834</u>	<u>4,768,900</u>	<u>4,217,428</u>
Increase (decrease) in net position	<u>265,157</u>	<u>(119,882)</u>	<u>1,136,033</u>	<u>(332,001)</u>	<u>145,275</u>	<u>804,032</u>
Net position at beginning of year	<u>4,968,652</u>	<u>5,844,218</u>	<u>3,832,619</u>	<u>6,176,219</u>	<u>10,812,870</u>	<u>10,008,838</u>
Net position at end of year	<u>\$ 5,233,809</u>	<u>\$ 5,724,336</u>	<u>\$ 4,968,652</u>	<u>\$ 5,844,218</u>	<u>\$ 10,958,145</u>	<u>\$ 10,812,870</u>

**VILLAGE OF CARLISLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED**

**Governmental Activities**

Governmental activities net position increased \$265,157 in 2013.

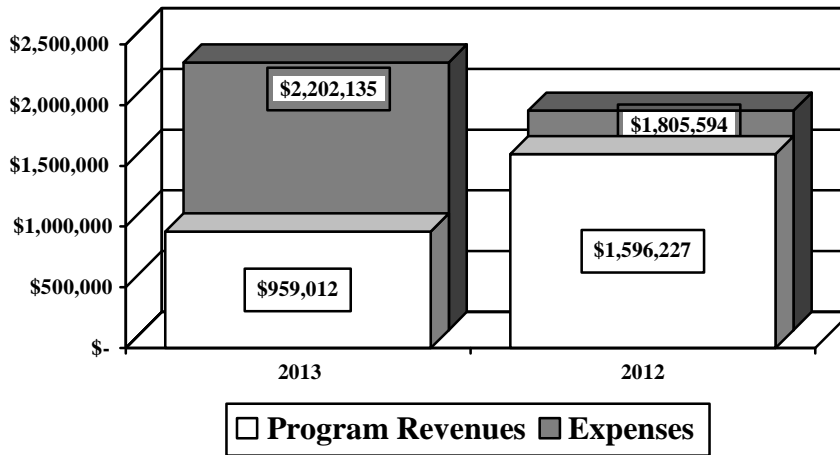
Security of persons and property which primarily supports the operation of police and fire services accounted for \$798,096 or 36.24% of the total expenses of the Village. Security of persons and property expenses were partially funded by \$3,178 in operating grants and contributions. General government expenses totaled \$748,581. General government expenses were partially funded by \$91,262 in direct charges to users of the services.

The state and federal government contributed to the Village a total of \$524,185 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Capital grants and contributions totaled \$62,215.

General revenues totaled \$1,508,280, and amounted to 61.13% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$1,132,103. 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 \$175,661 and payment in lieu of taxes of \$165,049.

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 2013.

**Governmental Activities - Program Revenues vs. Total Expenses**



**VILLAGE OF CARLISLE, OHIO**

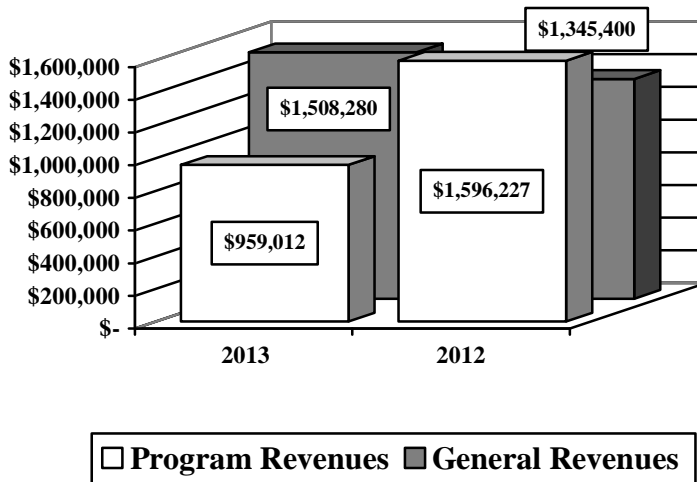
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED

**Governmental Activities**

	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>
<b>Program expenses:</b>				
General government	\$ 748,581	\$ 432,421	\$ 598,777	\$ 286,202
Security of persons and property	798,096	794,918	763,411	763,138
Transportation	423,566	65,242	236,529	(863,739)
Community environment	168,041	(61,453)	131,818	9,073
Leisure time activity	11,555	11,555	10,852	10,852
Other	1,500	1,500	-	-
Interest and fiscal charges	<u>50,796</u>	<u>(1,060)</u>	<u>64,207</u>	<u>3,841</u>
Total	<u>\$ 2,202,135</u>	<u>\$ 1,243,123</u>	<u>\$ 1,805,594</u>	<u>\$ 209,367</u>

The dependence upon general revenues for governmental activities is apparent, with 56.45% of expenses supported through taxes and other general revenues. The net cost of transportation activities changed largely due to a decrease in intergovernmental revenue received for the State Route 123 reconstruction project. The chart below illustrates the Village's program revenues versus general revenues for 2013 and 2012.

**Governmental Activities - General and Program Revenues**

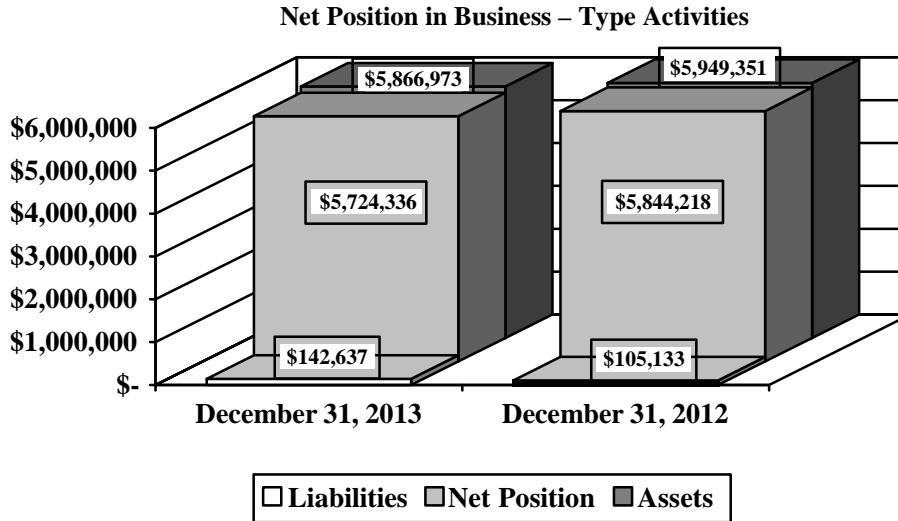


VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED

**Business-type Activities**

Business-type activities include the sewer, water and refuse enterprise funds. These programs had program revenues of \$2,446,883 and expenses of \$2,566,765 for 2013. The graph below shows the business-type activities assets, liabilities and net position at year-end.



**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

The Village's governmental funds (as presented on the balance sheet on pages 24-25) reported a combined fund balance of \$1,756,636 which is \$18,645 higher than last year's balance of \$1,737,991.

**VILLAGE OF CARLISLE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2013 and 2012 for all major and non-major governmental funds.

	Fund Balances <u>12/31/13</u>	Fund Balances <u>12/31/12</u>	Increase/ <u>(Decrease)</u>
<b>Major funds:</b>			
General	\$ 597,409	\$ 540,263	\$ 57,146
Fire	148,027	107,811	40,216
Timber Ridge TIF	115,685	67,984	47,701
Police Services	258,213	262,636	(4,423)
Carlisle Business Park	38,268	60,741	(22,473)
SR/123 Reconstruction Phase V	4,283	3,946	337
Other nonmajor governmental funds	<u>594,751</u>	<u>694,610</u>	<u>(99,859)</u>
Total	<u>\$ 1,756,636</u>	<u>\$ 1,737,991</u>	<u>\$ 18,645</u>

**General Fund**

The Village's general fund balance increased \$57,146. The table that follows assists in illustrating the revenues of the general fund.

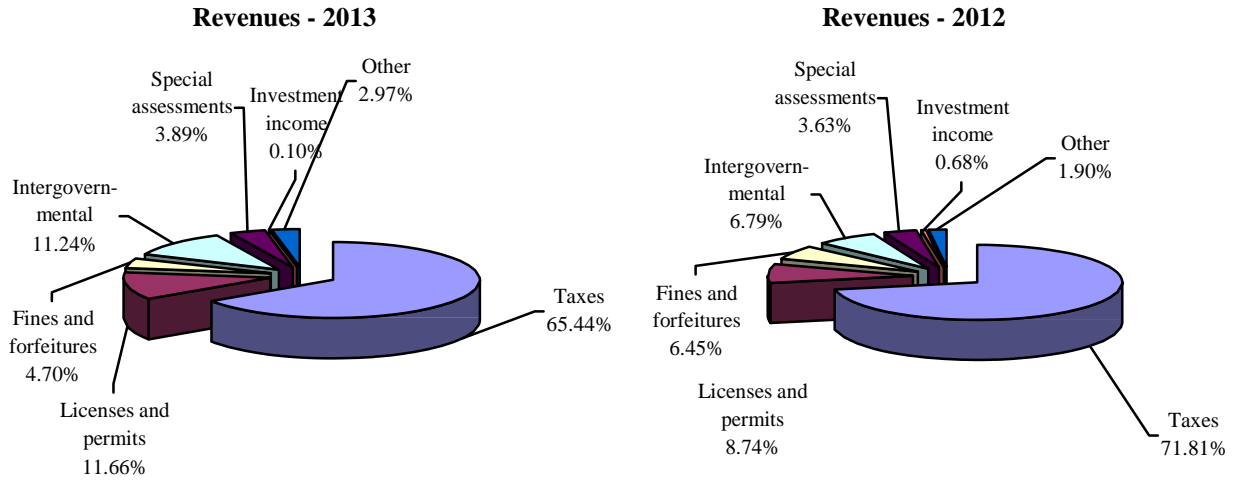
	2013 <u>Amount</u>	2012 <u>Amount</u>	Percentage <u>Change</u>
<b>Revenues</b>			
Taxes	\$ 679,627	\$ 670,566	1.35 %
Licenses and permits	121,091	81,599	48.40 %
Fines and forfeitures	48,785	60,259	(19.04) %
Intergovernmental	116,756	63,376	84.23 %
Special assessments	40,413	33,892	19.24 %
Investment income	990	6,334	(84.37) %
Other	<u>30,818</u>	<u>17,754</u>	73.58 %
Total	<u>\$ 1,038,480</u>	<u>\$ 933,780</u>	11.21 %

Tax revenue represents 65.44% of all general fund revenue. Tax revenue increased 1.35% 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 2013. Intergovernmental revenues increased 84.23% due to an increase in inheritance tax revenues during 2013. The 84.37% decrease in investment income was primarily due to the Village having no certificates of deposit or any type of investments in 2013. All other revenues remained comparable to 2012.



**VILLAGE OF CARLISLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED**



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

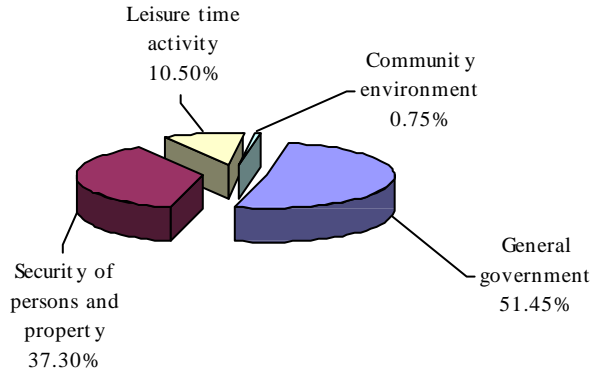
	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>			
General government	\$ 453,475	\$ 395,144	14.76 %
Security of persons and property	328,667	329,079	(0.13) %
Community environment	92,580	99,573	(7.02) %
Leisure time activity	<u>6,612</u>	<u>6,494</u>	1.82 %
<b>Total</b>	<b><u>\$ 881,334</u></b>	<b><u>\$ 830,290</u></b>	<b>6.15 %</b>

The Village increased total expenditures by 6.15%. The only significant change is in general government expenditures. This is due to a variety of general government operations. Other expenditures remained comparable from 2013 to 2012.

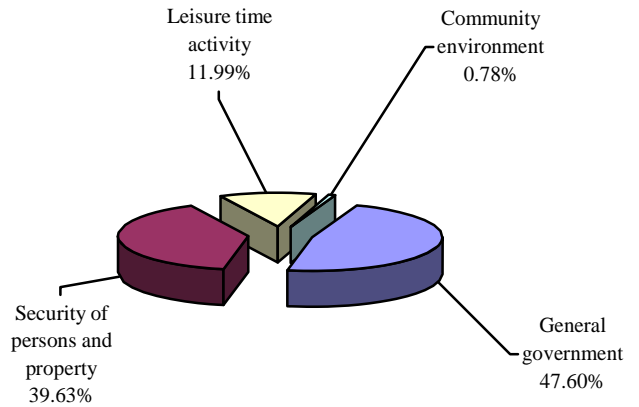
**VILLAGE OF CARLISLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Expenditures - 2013**



**Expenditures - 2012**



***Budgeting Highlights***

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

Budgetary information is presented for the general fund, fire fund, timber ridge TIF fund, and police services fund. In the general fund, the actual revenues and other financing sources came in \$5,098 lower than they were in the final budget and actual expenditures and other financing uses were \$146,871 less than the amount in the final budget. Budgeted expenditures and other financing uses were increased \$48,550 from the original to the final budget. Budgeted revenues remained the same in the original and final budget.

***Fire Fund***

The fire fund had revenues of \$155,673 in 2013. The expenditures of the fire fund totaled \$126,006 in 2013. The net increase in fund balance for the fire fund was \$29,667 or 26.79%.

***Timber Ridge TIF Fund***

The Timber Ridge TIF fund had revenues of \$201,304 in 2013. The expenditures of the Timber Ridge TIF fund totaled \$153,603 in 2013. The net increase in fund balance for the Timber Ridge TIF fund was \$47,701 or 70.17%.

***Police Services Fund***

The police services fund had revenues of \$310,387 in 2013. The expenditures of the police services fund totaled \$332,752 in 2013. The net decrease in fund balance for the police services fund was \$22,365 or 9.07%.

**VILLAGE OF CARLISLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED**

***Carlisle Business Park Fund***

The Carlisle Business Park fund had revenues and other financing sources of \$789,700 in 2013. The expenditures of the Carlisle Business Park fund totaled \$812,173 in 2013. The net decrease in fund balance for the Carlisle Business Park fund was \$22,473 or 37.00%.

***SR 123 Reconstruction Phase V***

The SR 123 Reconstruction Phase V fund had other financing sources of \$438,000 in 2013. The expenditures of the SR 123 Reconstruction Phase V fund totaled \$435,268 in 2013. The net increase in fund balance for the SR 123 Reconstruction Phase V fund was \$2,732 or 176.14%.

***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 \$1,651,202 in 2013. The operating expenses of the sewer fund, totaled \$1,871,014 in 2013. The net decrease in net position for the sewer fund was \$219,812 or 5.13%.

***Water Fund***

The water fund had operating revenues of \$398,348 in 2013. The operating expenses of the water fund, totaled \$353,033 in 2013. The net increase in net position for the water fund was \$45,315 or 3.38%.

***Refuse Fund***

The refuse fund had operating revenues of \$396,322 and nonoperating revenues of \$1,011 in 2013. The operating expenses of the refuse fund totaled \$342,718 in 2013. The net increase in net position for the refuse fund was \$54,615 or 25.40%.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2013, the Village had \$9,263,208 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$5,370,372 was reported in governmental activities and \$3,892,836 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, 2013  
UNAUDITED

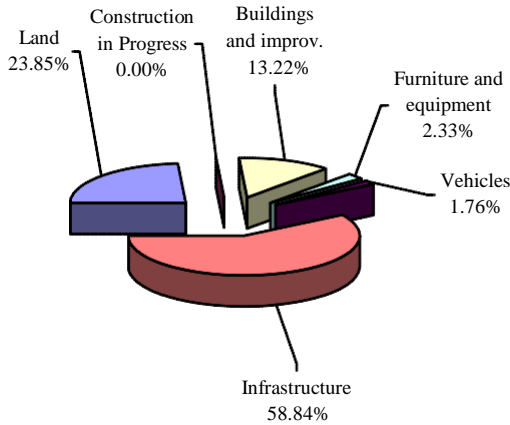
The following table shows December 31, 2013 balances compared to December 31, 2012:

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

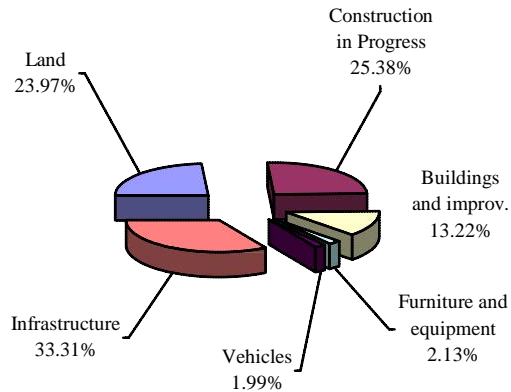
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 1,281,332	\$ 1,281,332	\$ -	\$ -	\$ 1,281,332	\$ 1,281,332
Construction in progress	-	1,356,498	-	-	-	1,356,498
Buildings and improvements	710,221	706,801	-	-	710,221	706,801
Furniture and equipment	125,304	113,760	60,571	72,511	185,875	186,271
Vehicles	93,451	106,464	2	6,274	93,453	112,738
Infrastructure	<u>3,160,064</u>	<u>1,780,129</u>	<u>3,832,263</u>	<u>4,155,067</u>	<u>6,992,327</u>	<u>5,935,196</u>
<b>Totals</b>	<b>\$ 5,370,372</b>	<b>\$ 5,344,984</b>	<b>\$ 3,892,836</b>	<b>\$ 4,233,852</b>	<b>\$ 9,263,208</b>	<b>\$ 9,578,836</b>

The following graphs show the breakdown of governmental capital assets by category for 2013 and 2012

**Capital Assets - Governmental Activities  
2013**



**Capital Assets - Governmental Activities - 2012**



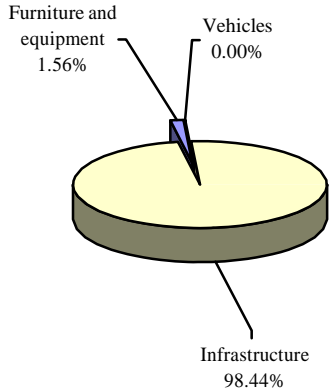
The Village's infrastructure is the largest capital asset category. The net book value of the Village's infrastructure represents approximately 58.84% of the Village's total governmental capital assets.

**VILLAGE OF CARLISLE, OHIO**

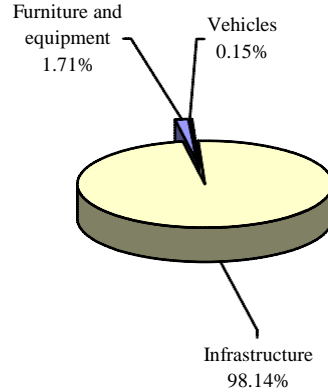
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED

The following graphs show the breakdown of business-type capital assets by category for 2013 and 2012.

**Capital Assets - Business-Type Activities 2013**



**Capital Assets - Business-Type Activities 2012**



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 98.44% of the Village's total business-type capital assets.

***Debt Administration***

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

	Governmental Activities	
	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 1,988,700	\$ 2,146,200
Special assessment bonds	198,105	234,736
Compensated absences	<u>21,893</u>	<u>12,814</u>
 Total long-term obligations	 <u>\$ 2,208,698</u>	 <u>\$ 2,393,750</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, 2013 UNAUDITED

#### **Economic Conditions and Outlook**

Located in the northernmost corner of Warren County and spreading into southern Montgomery, the Village 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. The Village's early growth stemmed from the still active railroad community. This combination of geographical location and transportation convenience makes the village an attractive site for both families and business alike. The 2010 census indicated that the Village had a population of 4,915 thus reverting back to "village" status. 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 city 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 Village.

Although Carlisle is often thought of as a quiet bedroom community, the Village has taken active steps to secure its financial future by the development of two business parks within the village limits. The Carlisle Industrial Park has been an established industrial base providing an excellent location for numerous manufacturing and service industries. This park offers direct access to SR-123 as well as connection to the CSX railroad system. The Carlisle Business Park is a newer development that offers over 88 acres of gently rolling land which is an excellent site for manufacturing, warehousing, service business or office needs. Given the current economic climate, development of this shovel-ready business park has been slow. The Village was a finalist for a large manufacturing company in 2013. However, the business decided to re-locate to Indiana. The Village saw this as a positive sign that businesses were beginning to renew their interest in land purchase.

Despite the uncertainty surrounding the economy, the Village continues to carefully monitor two primary sources of revenue—local income taxes and shared intergovernmental (state) revenue. In order to stabilize the impact of the fluctuations in these revenue sources, Council continues to pursue economic development and job creation; maintain the community's reputation for high public safety standards; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2013 budget, the Village utilized a basic philosophy to submit a budget to Council that balances the needs of the operation with the available revenue sources.

Local income tax collections for 2013 were relatively flat as compared to 2012 with an increase of only 0.48% from the previous year. The Village's largest employer – the Carlisle Local School system – was able to pass a new operating levy that should help stabilize their payroll and share of local income tax. The loss of the Vork Trucking business in 2012 was felt in 2013 as the building remained vacant for the entire year. The Village has been focusing energy on economic development to help increase the business base to offset these anticipated losses.

The Village continues to struggle to find ways to offset the previous funding reductions at both the State and Federal level as well as general downsizing in overall industry. However, the number of new residential housing units has continued to increase in 2013 as compared to 2012 indicating the continuing economic recovery for the area. The Village continues to prepare itself financially for future lean revenue years with minimal disruption in local services. Management and staff continued discussion with Council in fiscal year 2013 regarding remedies for anticipated revenue decreases and passed along significant increases to the service rates for water, sewer, and refuse to residents in order to offset continuing increases in providing such services. Discussion of other economic options will continue in fiscal year 2014 and will include long-term financial projections.

These economic factors were considered in preparing the Village's budget for fiscal year 2014. Budgeted revenues and other financing sources in the general fund for fiscal year 2014 budget are \$968,300. The Village will continue conservative budgeting practices and will continue to look at long-term budget forecasts to make adequate plans to maintain solvency.

**VILLAGE OF CARLISLE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED**

**Contacting the Village's Financial Management**

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

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VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION  
DECEMBER 31, 2013

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 1,613,199	\$ 1,826,887	\$ 3,440,086
Receivables (net of allowances for uncollectibles):			
Income taxes. . . . .	266,435	-	266,435
Property and other taxes. . . . .	190,793	-	190,793
Payment in lieu of taxes . . . . .	222,000	-	222,000
Accounts. . . . .	19,607	89,261	108,868
Special assessments . . . . .	3,120	46,526	49,646
Due from other governments. . . . .	184,299	-	184,299
Materials and supplies inventory. . . . .	13,091	977	14,068
Prepayments . . . . .	16,952	10,486	27,438
Capital assets:			
Nondepreciable capital assets. . . . .	1,281,332	-	1,281,332
Depreciable capital assets, net. . . . .	4,089,040	3,892,836	7,981,876
Total capital assets, net. . . . .	<u>5,370,372</u>	<u>3,892,836</u>	<u>9,263,208</u>
Total assets . . . . .	<u>7,899,868</u>	<u>5,866,973</u>	<u>13,766,841</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	5,245	110,508	115,753
Accrued wages and benefits payable . . . . .	15,368	9,140	24,508
Due to other governments . . . . .	19,827	11,153	30,980
Accrued interest payable . . . . .	17,353	-	17,353
Long-term liabilities:			
Due within one year . . . . .	1,817,960	5,472	1,823,432
Due in more than one year. . . . .	390,738	6,364	397,102
Total liabilities . . . . .	<u>2,266,491</u>	<u>142,637</u>	<u>2,409,128</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . .	177,568	-	177,568
Payment in lieu of taxes levied for the next fiscal year. .	222,000	-	222,000
Total deferred inflows of resources . . . . .	<u>399,568</u>	<u>-</u>	<u>399,568</u>
<b>Net position:</b>			
Net investment in capital assets . . . . .	3,381,672	3,892,836	7,274,508
Restricted for:			
Debt service . . . . .	10,878	-	10,878
Capital projects . . . . .	50,875	-	50,875
Transportation projects . . . . .	581,220	-	581,220
Public safety . . . . .	744,690	-	744,690
Other purposes. . . . .	26,191	-	26,191
Unrestricted. . . . .	<u>438,283</u>	<u>1,831,500</u>	<u>2,269,783</u>
Total net position . . . . .	<u>\$ 5,233,809</u>	<u>\$ 5,724,336</u>	<u>\$ 10,958,145</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government. . . . .	\$ 748,581	\$ 91,262	\$ 224,898	\$ -
Security of persons and property . . . . .	798,096	-	3,178	-
Transportation. . . . .	423,566	-	296,109	62,215
Community environment . . . . .	168,041	229,494	-	-
Leisure time activity. . . . .	11,555	-	-	-
Other . . . . .	1,500	-	-	-
Interest and fiscal charges. . . . .	50,796	51,856	-	-
Total governmental activities . . . . .	<u>2,202,135</u>	<u>372,612</u>	<u>524,185</u>	<u>62,215</u>
<b>Business-type activities:</b>				
Sewer . . . . .	1,871,014	1,651,202	-	-
Water . . . . .	353,033	398,348	-	-
Refuse . . . . .	342,718	396,322	1,011	-
Total business-type activities . . . . .	<u>2,566,765</u>	<u>2,445,872</u>	<u>1,011</u>	<u>-</u>
Total primary government . . . . .	<u>\$ 4,768,900</u>	<u>\$ 2,818,484</u>	<u>\$ 525,196</u>	<u>\$ 62,215</u>

**General revenues:**

Property taxes levied for:

General purposes . . . . .

Fire . . . . .

Income taxes levied for:

General purposes . . . . .

Police services . . . . .

Grants and entitlements not restricted to specific programs

Payments in lieu of taxes . . . . .

Investment earnings . . . . .

Miscellaneous . . . . .

Total general revenues . . . . .

Change in net position . . . . .

**Net position at beginning of year . . . . .**

**Net position at end of year. . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (432,421)	\$ -	\$ (432,421)
(794,918)	-	(794,918)
(65,242)	-	(65,242)
61,453	-	61,453
(11,555)	-	(11,555)
(1,500)	-	(1,500)
1,060	-	1,060
<u>(1,243,123)</u>	<u>-</u>	<u>(1,243,123)</u>
-	(219,812)	(219,812)
-	45,315	45,315
-	54,615	54,615
<u>-</u>	<u>(119,882)</u>	<u>(119,882)</u>
<u>(1,243,123)</u>	<u>(119,882)</u>	<u>(1,363,005)</u>
60,308	-	60,308
122,217	-	122,217
633,051	-	633,051
316,527	-	316,527
175,661	-	175,661
165,049	-	165,049
990	-	990
34,477	-	34,477
<u>1,508,280</u>	<u>-</u>	<u>1,508,280</u>
265,157	(119,882)	145,275
<u>4,968,652</u>	<u>5,844,218</u>	<u>10,812,870</u>
<u>\$ 5,233,809</u>	<u>\$ 5,724,336</u>	<u>\$ 10,958,145</u>

VILLAGE OF CARLISLE, OHIO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

	<u>General</u>	<u>Fire</u>	<u>Timber Ridge TIF</u>	<u>Police Services</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 436,114	\$ 151,599	\$ 115,685	\$ 235,564
Receivables:				
Income taxes. . . . .	177,632	-	-	88,803
Property and other taxes. . . . .	60,627	130,166	-	-
Payment in lieu of taxes . . . . .	-	-	140,212	-
Accounts. . . . .	19,455	-	-	-
Special assessments . . . . .	3,120	-	-	-
Interfund loans. . . . .	76,000	-	-	-
Due from other governments . . . . .	17,918	10,848	24,821	-
Materials and supplies inventory . . . . .	6,346	416	-	-
Prepayments. . . . .	10,541	1,639	-	3,152
Total assets . . . . .	<u>\$ 807,753</u>	<u>\$ 294,668</u>	<u>\$ 280,718</u>	<u>\$ 327,519</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 1,093	\$ 9	\$ -	\$ 53
Accrued wages and benefits . . . . .	7,716	-	-	6,413
Due to other governments . . . . .	8,371	5,618	-	4,206
Interfund loans payable. . . . .	-	-	-	-
Total liabilities. . . . .	<u>17,180</u>	<u>5,627</u>	<u>-</u>	<u>10,672</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	56,264	121,304	-	-
Delinquent property tax revenue not available. . . . .	4,363	8,862	-	-
Special assessments revenue not available. . . . .	3,120	-	-	-
Income tax revenue not available. . . . .	117,286	-	-	58,634
Other nonexchange transactions not available . . . . .	12,131	10,848	24,821	-
Payment in lieu of taxes levied for the next fiscal year. . . . .	-	-	140,212	-
Total deferred inflows of resources . . . . .	<u>193,164</u>	<u>141,014</u>	<u>165,033</u>	<u>58,634</u>
<b>Fund balances:</b>				
Nonspendable. . . . .	16,887	2,055	-	3,152
Restricted. . . . .	-	145,972	115,685	255,061
Committed. . . . .	-	-	-	-
Assigned. . . . .	27,466	-	-	-
Unassigned (deficit) . . . . .	553,056	-	-	-
Total fund balances. . . . .	<u>597,409</u>	<u>148,027</u>	<u>115,685</u>	<u>258,213</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 807,753</u>	<u>\$ 294,668</u>	<u>\$ 280,718</u>	<u>\$ 327,519</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Carlisle Business Park</u>	<u>SR 123 Reconstruction Phase V</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 38,268	\$ 4,283	\$ 631,686	\$ 1,613,199
-	-	-	266,435
-	-	-	190,793
-	-	81,788	222,000
-	-	152	19,607
-	-	-	3,120
-	-	-	76,000
-	-	130,712	184,299
-	-	6,329	13,091
-	-	1,620	16,952
<u>\$ 38,268</u>	<u>\$ 4,283</u>	<u>\$ 852,287</u>	<u>\$ 2,605,496</u>
\$ -	\$ -	\$ 4,090	\$ 5,245
-	-	1,239	15,368
-	-	1,632	19,827
-	-	76,000	76,000
-	-	82,961	116,440
-	-	-	177,568
-	-	-	13,225
-	-	-	3,120
-	-	-	175,920
-	-	92,787	140,587
-	-	81,788	222,000
-	-	174,575	732,420
-	-	7,949	30,043
38,268	4,283	501,407	1,060,676
-	-	159,922	159,922
-	-	-	27,466
-	-	(74,527)	478,529
<u>38,268</u>	<u>4,283</u>	<u>594,751</u>	<u>1,756,636</u>
<u>\$ 38,268</u>	<u>\$ 4,283</u>	<u>\$ 852,287</u>	<u>\$ 2,605,496</u>

**VILLAGE OF CARLISLE, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2013

<b>Total governmental fund balances</b>	\$	1,756,636
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,370,372
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 175,920	
Property taxes receivable	13,225	
Special assessments receivable	3,120	
Intergovernmental receivable	140,587	
Total		332,852
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	(17,353)	
Special assessment bonds	(198,105)	
General obligation bonds	(240,000)	
General obligation notes	(1,748,700)	
Compensated absences	(21,893)	
Total		(2,226,051)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>5,233,809</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General</u>	<u>Fire</u>	<u>Timber Ridge TIF</u>	<u>Police Services</u>
<b>Revenues:</b>				
Income taxes . . . . .	\$ 616,895	\$ -	\$ -	\$ 309,958
Property and other taxes. . . . .	62,732	127,664	-	-
Licenses and permits . . . . .	121,091	-	-	-
Fines and forfeitures . . . . .	48,785	-	-	-
Intergovernmental. . . . .	116,756	24,831	35,412	-
Special assessments . . . . .	40,413	-	-	-
Investment income. . . . .	990	-	-	-
Payment in lieu of taxes . . . . .	-	-	165,892	-
Other . . . . .	30,818	3,178	-	3,659
Total revenues . . . . .	<u>1,038,480</u>	<u>155,673</u>	<u>201,304</u>	<u>313,617</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	453,475	-	153,603	-
Security of persons and property . . . . .	328,667	115,457	-	318,040
Transportation . . . . .	-	-	-	-
Community environment . . . . .	92,580	-	-	-
Leisure time activity . . . . .	6,612	-	-	-
Other . . . . .	-	-	-	-
Capital outlay . . . . .	-	-	-	-
Debt service:				
Principal retirement. . . . .	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-
Total expenditures . . . . .	<u>881,334</u>	<u>115,457</u>	<u>153,603</u>	<u>318,040</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>157,146</u>	<u>40,216</u>	<u>47,701</u>	<u>(4,423)</u>
<b>Other financing sources (uses):</b>				
Note issuance . . . . .	-	-	-	-
Transfers in . . . . .	-	-	-	-
Transfers (out). . . . .	(100,000)	-	-	-
Total other financing sources (uses) . . . . .	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	57,146	40,216	47,701	(4,423)
<b>Fund balances at beginning of year . . . . .</b>	<u>540,263</u>	<u>107,811</u>	<u>67,984</u>	<u>262,636</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 597,409</u>	<u>\$ 148,027</u>	<u>\$ 115,685</u>	<u>\$ 258,213</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Carlisle Business Park</b>	<b>SR 123 Reconstruction Phase V</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 926,853
-	-	-	190,396
-	-	-	121,091
-	-	2,000	50,785
-	-	401,412	578,411
-	-	-	40,413
-	-	189	1,179
-	-	185,243	351,135
50,000	-	90,949	178,604
<u>50,000</u>	<u>-</u>	<u>679,793</u>	<u>2,438,867</u>
-	-	103,422	710,500
-	-	-	762,164
-	-	276,866	276,866
3,278	903	60,476	157,237
-	-	-	6,612
-	-	1,500	1,500
-	-	252,769	252,769
794,701	427,000	721,130	1,942,831
14,194	7,365	36,884	58,443
<u>812,173</u>	<u>435,268</u>	<u>1,453,047</u>	<u>4,168,922</u>
<u>(762,173)</u>	<u>(435,268)</u>	<u>(773,254)</u>	<u>(1,730,055)</u>
689,700	418,000	641,000	1,748,700
50,000	20,000	86,000	156,000
-	-	(56,000)	(156,000)
<u>739,700</u>	<u>438,000</u>	<u>671,000</u>	<u>1,748,700</u>
(22,473)	2,732	(102,254)	18,645
60,741	1,551	697,005	1,737,991
<u>\$ 38,268</u>	<u>\$ 4,283</u>	<u>\$ 594,751</u>	<u>\$ 1,756,636</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, 2013

<b>Net change in fund balances - total governmental funds</b>	\$	18,645
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital asset additions	\$ 233,408	
Current year depreciation	(208,020)	
Total		25,388
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	22,725	
Property taxes	(7,871)	
Special assessments	64	
Intergovernmental revenues	13,507	
Total		28,425
 The issuance of notes provides current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net assets.		
		(1,748,700)
 Repayment of bond and note proceeds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,942,831
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		7,647
 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.		
		(9,079)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>265,157</b>

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 603,000	\$ 603,000	\$ 613,452	\$ 10,452
Property and other taxes. . . . .	65,000	65,000	62,732	(2,268)
Licenses and permits . . . . .	91,000	91,000	121,488	30,488
Fines and forfeitures . . . . .	50,500	50,500	48,150	(2,350)
Intergovernmental. . . . .	43,550	43,550	116,809	73,259
Special assessments . . . . .	30,000	30,000	40,413	10,413
Investment income. . . . .	1,000	1,000	990	(10)
Other. . . . .	155,900	155,900	30,818	(125,082)
Total revenues . . . . .	<u>1,039,950</u>	<u>1,039,950</u>	<u>1,034,852</u>	<u>(5,098)</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	643,738	740,788	469,438	271,350
Security of persons and property . . . . .	345,040	363,540	333,064	30,476
Community environment . . . . .	178,482	109,482	91,600	17,882
Leisure time activity . . . . .	7,950	9,950	6,787	3,163
Total expenditures . . . . .	<u>1,175,210</u>	<u>1,223,760</u>	<u>900,889</u>	<u>322,871</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(135,260)</u>	<u>(183,810)</u>	<u>133,963</u>	<u>317,773</u>
<b>Other financing (uses):</b>				
Advances (out) . . . . .	-	-	(76,000)	(76,000)
Transfers (out) . . . . .	-	-	(100,000)	(100,000)
Total other financing (uses) . . . . .	<u>-</u>	<u>-</u>	<u>(176,000)</u>	<u>(176,000)</u>
Net change in fund balances . . . . .	(135,260)	(183,810)	(42,037)	141,773
<b>Fund balances at beginning of year. . . . .</b>	450,979	450,979	450,979	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>15,708</u>	<u>15,708</u>	<u>15,708</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 331,427</u>	<u>\$ 282,877</u>	<u>\$ 424,650</u>	<u>\$ 141,773</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other taxes. . . . .	\$ 132,000	\$ 132,000	\$ 127,664	\$ (4,336)
Intergovernmental. . . . .	20,000	20,000	24,831	4,831
Other . . . . .	-	-	3,178	3,178
Total revenues . . . . .	<u>152,000</u>	<u>152,000</u>	<u>155,673</u>	<u>3,673</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	155,250	155,250	126,006	29,244
Total expenditures . . . . .	<u>155,250</u>	<u>155,250</u>	<u>126,006</u>	<u>29,244</u>
Net change in fund balances . . . . .	(3,250)	(3,250)	29,667	32,917
<b>Fund balances at beginning of year . . . . .</b>	<u>110,748</u>	<u>110,748</u>	<u>110,748</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 107,498</u>	<u>\$ 107,498</u>	<u>\$ 140,415</u>	<u>\$ 32,917</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Payment in lieu of taxes. . . . .	\$ 27,500	\$ 27,500	\$ 35,412	\$ 7,912
Intergovernmental. . . . .	165,000	165,000	165,892	892
Total revenues . . . . .	<u>192,500</u>	<u>192,500</u>	<u>201,304</u>	<u>8,804</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	144,044	153,644	153,603	41
Total expenditures. . . . .	<u>144,044</u>	<u>153,644</u>	<u>153,603</u>	<u>41</u>
Net change in fund balances. . . . .	48,456	38,856	47,701	8,845
<b>Fund balances at beginning of year . . . . .</b>	49,065	49,065	49,065	-
<b>Prior year encumbrances appropriated . . .</b>	<u>18,919</u>	<u>18,919</u>	<u>18,919</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 116,440</u>	<u>\$ 106,840</u>	<u>\$ 115,685</u>	<u>\$ 8,845</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 295,000	\$ 295,000	\$ 306,728	\$ 11,728
Other . . . . .	1,000	1,000	3,659	2,659
Total revenues . . . . .	<u>296,000</u>	<u>296,000</u>	<u>310,387</u>	<u>14,387</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property. . . . .	356,500	356,500	332,752	23,748
Total expenditures . . . . .	<u>356,500</u>	<u>356,500</u>	<u>332,752</u>	<u>23,748</u>
Net change in fund balances . . . . .	(60,500)	(60,500)	(22,365)	38,135
<b>Fund balances at beginning of year . . . . .</b>	<u>246,685</u>	<u>246,685</u>	<u>246,685</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 186,185</u>	<u>\$ 186,185</u>	<u>\$ 224,320</u>	<u>\$ 38,135</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2013

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Refuse</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 1,140,412	\$ 419,422	\$ 267,053	\$ 1,826,887
Receivables (net of allowance for uncollectibles):				
Accounts . . . . .	51,316	12,738	25,207	89,261
Special assessments . . . . .	43,375	-	3,151	46,526
Materials and supplies inventory . . . . .	891	-	86	977
Prepayments . . . . .	8,213	1,358	915	10,486
Total current assets . . . . .	<u>1,244,207</u>	<u>433,518</u>	<u>296,412</u>	<u>1,974,137</u>
Noncurrent assets:				
Capital assets:				
Total depreciable capital assets, net. . . . .	2,936,116	956,720	-	3,892,836
Total noncurrent assets. . . . .	<u>2,936,116</u>	<u>956,720</u>	<u>-</u>	<u>3,892,836</u>
Total assets. . . . .	<u>4,180,323</u>	<u>1,390,238</u>	<u>296,412</u>	<u>5,866,973</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable. . . . .	88,077	-	22,431	110,508
Accrued wages and benefits . . . . .	6,026	1,717	1,397	9,140
Compensated absences . . . . .	3,700	939	833	5,472
Due to other governments . . . . .	7,859	1,580	1,714	11,153
Total current liabilities . . . . .	<u>105,662</u>	<u>4,236</u>	<u>26,375</u>	<u>136,273</u>
Long-term liabilities:				
Compensated absences. . . . .	5,934	-	430	6,364
Total long-term liabilities . . . . .	<u>5,934</u>	<u>-</u>	<u>430</u>	<u>6,364</u>
Total liabilities . . . . .	<u>111,596</u>	<u>4,236</u>	<u>26,805</u>	<u>142,637</u>
<b>Net position:</b>				
Net investment in capital assets. . . . .	2,936,116	956,720	-	3,892,836
Unrestricted . . . . .	1,132,611	429,282	269,607	1,831,500
Total net position . . . . .	<u>\$ 4,068,727</u>	<u>\$ 1,386,002</u>	<u>\$ 269,607</u>	<u>\$ 5,724,336</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<b>Business-type Activities - Enterprise Funds</b>			
	<u>Sewer</u>	<u>Water</u>	<u>Refuse</u>	<u>Total</u>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 1,549,165	\$ 358,238	\$ 395,829	\$ 2,303,232
Tap-in fees. . . . .	52,440	31,280	-	83,720
Other . . . . .	<u>49,597</u>	<u>8,830</u>	<u>493</u>	<u>58,920</u>
Total operating revenues. . . . .	<u>1,651,202</u>	<u>398,348</u>	<u>396,322</u>	<u>2,445,872</u>
<b>Operating expenses:</b>				
Personal services . . . . .	405,392	31,951	67,231	504,574
Contract services. . . . .	1,168,514	261,166	274,795	1,704,475
Materials and supplies. . . . .	6,381	7,207	517	14,105
Transportation . . . . .	1,405	135	45	1,585
Depreciation. . . . .	288,701	52,315	-	341,016
Other . . . . .	<u>621</u>	<u>259</u>	<u>130</u>	<u>1,010</u>
Total operating expenses. . . . .	<u>1,871,014</u>	<u>353,033</u>	<u>342,718</u>	<u>2,566,765</u>
Operating income (loss) . . . . .	<u>(219,812)</u>	<u>45,315</u>	<u>53,604</u>	<u>(120,893)</u>
<b>Nonoperating revenues:</b>				
Intergovernmental . . . . .	<u>-</u>	<u>-</u>	<u>1,011</u>	<u>1,011</u>
Total nonoperating revenues . . . . .	<u>-</u>	<u>-</u>	<u>1,011</u>	<u>1,011</u>
Change in net position . . . . .	(219,812)	45,315	54,615	(119,882)
<b>Net position at beginning of year . . . . .</b>	<u>4,288,539</u>	<u>1,340,687</u>	<u>214,992</u>	<u>5,844,218</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 4,068,727</u>	<u>\$ 1,386,002</u>	<u>\$ 269,607</u>	<u>\$ 5,724,336</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, 2013

**Business-type Activities - Enterprise Funds**

	<u>Sewer</u>	<u>Water</u>	<u>Refuse</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers . . . . .	\$ 1,594,239	\$ 393,170	\$ 393,899	\$ 2,381,308
Cash received from other operations. . . . .	49,597	8,830	493	58,920
Cash payments for personal services. . . . .	(395,871)	(32,940)	(67,892)	(496,703)
Cash payments for contractual services . . . . .	(1,159,860)	(261,847)	(252,064)	(1,673,771)
Cash payments for materials and supplies . . . . .	(6,554)	(7,207)	(531)	(14,292)
Cash payments for transportation . . . . .	(1,405)	(135)	(45)	(1,585)
Cash payments for other expenses . . . . .	(621)	(259)	(130)	(1,010)
Net cash provided by operating activities. . . . .	<u>79,525</u>	<u>99,612</u>	<u>73,730</u>	<u>252,867</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash received from grants. . . . .	-	-	1,968	1,968
Net cash provided by noncapital financing activities . . . . .	<u>-</u>	<u>-</u>	<u>1,968</u>	<u>1,968</u>
Net increase in cash and cash equivalents . . . . .	79,525	99,612	75,698	254,835
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>1,060,887</u>	<u>319,810</u>	<u>191,355</u>	<u>1,572,052</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u>\$ 1,140,412</u>	<u>\$ 419,422</u>	<u>\$ 267,053</u>	<u>\$ 1,826,887</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss) . . . . .	\$ (219,812)	\$ 45,315	\$ 53,604	\$ (120,893)
Adjustments:				
Depreciation. . . . .	288,701	52,315	-	341,016
Changes in assets and liabilities:				
(Increase) in materials and supplies inventory . . . . .	(173)	-	(14)	(187)
Decrease (Increase) in accounts receivable. . . . .	(6,479)	3,652	(1,866)	(4,693)
(Increase) in special assessments. . . . .	(887)	-	(64)	(951)
Decrease (Increase) in prepayments . . . . .	1,484	(713)	300	1,071
Increase (Decrease) in accounts payable. . . . .	7,167	(1)	22,429	29,595
Increase in accrued wages and benefits . . . . .	390	1,165	590	2,145
Increase (Decrease) in due to other governments. . . . .	(197)	860	236	899
Increase (Decrease) in compensated absences payable	9,331	(2,981)	(1,485)	4,865
Net cash provided by operating activities . . . . .	<u>\$ 79,525</u>	<u>\$ 99,612</u>	<u>\$ 73,730</u>	<u>\$ 252,867</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
DECEMBER 31, 2013

	<u>Agency</u>
<b>Assets:</b>	
Cash in segregated accounts . . . . .	<u>\$ 7,349</u>
Total assets . . . . .	<u><u>\$ 7,349</u></u>
<b>Liabilities:</b>	
Undistributed monies . . . . .	<u>\$ 7,349</u>
Total liabilities. . . . .	<u><u>\$ 7,349</u></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, 2013

**NOTE 1 - DESCRIPTION OF THE VILLAGE**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

**B. Basis of Presentation - Fund Accounting**

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

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

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

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

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

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

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

**C. Fund Accounting**

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

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

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

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

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

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

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

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

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

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

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

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

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

**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.

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as a deferred inflow. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2013, are recorded as deferred inflows on the fund financial statements.

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

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

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

## VILLAGE OF CARLISLE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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

##### F. Budgetary Data

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

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

***Estimated Resources*** - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to January 1, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the first and final amended official certificate of estimated resources issued during 2013.

***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, 2013**

**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 2013, 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 2013 amount to \$990 which includes \$659 assigned from other Village funds.

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

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

**H. Inventories of Materials and Supplies**

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

**I. Capital Assets**

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

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**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, 2013

**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, 2013, 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, 2013

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

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

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

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

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

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

**O. Estimates**

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

**P. Net Position**

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

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 2013, the Village had no extraordinary or special items.

**R. Interfund Balances**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

**A. Change in Accounting Principles**

For fiscal year 2013, the Village has implemented GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34" and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Village.

GASB Statement No. 66 improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements; GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements". The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Village.

**B. Deficit Fund Balances**

Fund balances at December 31, 2013 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Park Capital Improvements	\$ 4,553

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

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**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, 2013

**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, 2013, \$7,349 was deposited in a segregated account for the Village's Mayor's Court. This amount is excluded from the internal cash pool and is reported on the statement of fiduciary net assets and liabilities as "cash in segregated accounts".

**B. Deposits with Financial Institutions**

At December 31, 2013, the carrying amount of all Village deposits was \$3,440,086. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2013, \$3,296,806 of the Village's bank balance of \$3,546,806 was exposed to custodial risk as discussed below, while \$257,349 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, 2013

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,440,086
Cash in segregated accounts	<u>7,349</u>
Total	<u>\$ 3,447,435</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 1,613,199
Business type activities	1,826,887
Agency funds	<u>7,349</u>
Total	<u>\$ 3,447,435</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund transfers for the year ended December 31, 2013, 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	\$ 50,000
Nonmajor governmental funds	50,000
	<u>Nonmajor governmental funds</u>
SR 123 Reconstruction Phase V	20,000
Nonmajor governmental funds	<u>36,000</u>
Total	<u>\$ 156,000</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, 2013

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Interfund loans consisted of the following at December 31, 2013, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 76,000</u>

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

**NOTE 6 - PROPERTY TAXES**

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 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, 2013 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows since the current taxes were not levied to finance 2013 operations and the collection of delinquent taxes has been offset by deferred inflows since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflows.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 6 - PROPERTY TAXES - (Continued)**

The full tax rate for all Village operations for the year ended December 31, 2013 was \$3.81 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2013 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 59,742,860
Commercial/industrial/mineral	9,252,610
 <u>Public utility</u>	
Personal	<u>4,883,880</u>
Total assessed value	<u>\$ 73,879,350</u>

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2013, 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, 2013.

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

**Governmental activities:**

Income taxes	\$ 266,435
Property and other taxes	190,793
Payment in lieu of taxes	222,000
Accounts	19,607
Special assessments	3,120
Due from other governments	184,299

**Business-type activities:**

Accounts	89,261
Special assessments	46,526

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, 2013

**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 2013 was \$926,853 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, 2013, was as follows:

<b><u>Governmental activities:</u></b>	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/13</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,281,332	\$ -	\$ -	\$ 1,281,332
Construction in progress	<u>1,356,498</u>	<u>145,135</u>	<u>(1,501,633)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,637,830</u>	<u>145,135</u>	<u>(1,501,633)</u>	<u>1,281,332</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,287,716	29,469	-	1,317,185
Furniture and equipment	275,859	32,704	-	308,563
Vehicles	647,360	26,100	-	673,460
Infrastructure	<u>2,275,057</u>	<u>1,501,633</u>	<u>-</u>	<u>3,776,690</u>
Total capital assets, being depreciated	<u>4,485,992</u>	<u>1,589,906</u>	<u>-</u>	<u>6,075,898</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(580,915)	(26,049)	-	(606,964)
Furniture and equipment	(162,099)	(21,160)	-	(183,259)
Vehicles	(540,896)	(39,113)	-	(580,009)
Infrastructure	<u>(494,928)</u>	<u>(121,698)</u>	<u>-</u>	<u>(616,626)</u>
Total accumulated depreciation	<u>(1,778,838)</u>	<u>(208,020)</u>	<u>-</u>	<u>(1,986,858)</u>
Total capital assets, being depreciated, net	<u>2,707,154</u>	<u>1,381,886</u>	<u>-</u>	<u>4,089,040</u>
Governmental activities capital assets, net	<u>\$ 5,344,984</u>	<u>\$ 1,527,021</u>	<u>\$ (1,501,633)</u>	<u>\$ 5,370,372</u>

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 9 - CAPITAL ASSETS - (Continued)**

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

**Governmental activities:**

General government	\$ 15,599
Security of persons and property	36,316
Community environment	7,793
Transportation	143,369
Leisure time activity	<u>4,943</u>
Total depreciation expense - governmental activities	<u>\$ 208,020</u>

**B. Business-type activities**

Capital asset activity for the business-type activities for the year ended December 31, 2013, was as follows:

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/13</u>
<b><u>Business-type activities:</u></b>				
<i>Capital assets, being depreciated</i>				
Furniture and equipment	\$ 206,457	\$ -	\$ -	\$ 206,457
Vehicles	183,144	-	-	183,144
Infrastructure	<u>12,912,124</u>	<u>-</u>	<u>-</u>	<u>12,912,124</u>
Total capital assets, being depreciated	<u>13,301,725</u>	<u>-</u>	<u>-</u>	<u>13,301,725</u>
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	(133,946)	(11,940)	-	(145,886)
Vehicles	(176,870)	(6,272)	-	(183,142)
Infrastructure	<u>(8,757,057)</u>	<u>(322,804)</u>	<u>-</u>	<u>(9,079,861)</u>
Total accumulated depreciation	<u>(9,067,873)</u>	<u>(341,016)</u>	<u>-</u>	<u>(9,408,889)</u>
Business-type activities capital assets, net	<u>\$ 4,233,852</u>	<u>\$ (341,016)</u>	<u>\$ -</u>	<u>\$ 3,892,836</u>

Depreciation was charged to departments of the Village as follows:

**Business-type activities:**

Sewer	\$ 288,701
Water	<u>52,315</u>
Total depreciation expense - business-type activities	<u>\$ 341,016</u>

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**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, 2013, the liability for unpaid compensated absences was \$33,729 for the entire Village.

**NOTE 11 - LONG-TERM OBLIGATIONS**

During 2013, the following changes occurred in the Village's long-term obligations:

	Balance <u>12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/13</u>	Amounts Due in <u>One Year</u>
<b><u>Governmental activities:</u></b>					
<u>General obligation bonds:</u>					
Road Improvements - 4.26%	\$ 260,000	\$ -	\$ (20,000)	\$ 240,000	\$ 20,000
<u>General obligation notes:</u>					
Real Estate Acquisition - 1.90%	-	76,000	-	76,000	76,000
Real Estate Acquisition - 2.00%	131,000	-	(131,000)	-	-
Business Park Improvements - 2.25%	-	613,700	-	613,700	613,700
Business Park Improvements - 2.25%	663,700	-	(663,700)	-	-
Bond Anticipation Notes - 2.50%	780,765	-	(780,765)	-	-
Road Improvement Note - 2.50%	-	1,059,000	-	1,059,000	1,059,000
Road Improvement Note - 2.50%	<u>310,735</u>	<u>-</u>	<u>(310,735)</u>	<u>-</u>	<u>-</u>
Total general obligation bonds and notes	<u>2,146,200</u>	<u>1,748,700</u>	<u>(1,906,200)</u>	<u>1,988,700</u>	<u>1,768,700</u>
<u>Special assessment bonds:</u>					
Jamaica Road Improvements - 6.00%	18,736	-	(1,631)	17,105	1,728
Union Road Extension - 6.25%	66,000	-	(15,000)	51,000	16,000
Road Improvements - 4.15%	<u>150,000</u>	<u>-</u>	<u>(20,000)</u>	<u>130,000</u>	<u>25,000</u>
Total special assessment bonds	<u>234,736</u>	<u>-</u>	<u>(36,631)</u>	<u>198,105</u>	<u>42,728</u>
<u>Other long-term obligations:</u>					
Compensated absences	<u>12,814</u>	<u>15,857</u>	<u>(6,778)</u>	<u>21,893</u>	<u>6,532</u>
Total other long-term obligations	<u>12,814</u>	<u>15,857</u>	<u>(6,778)</u>	<u>21,893</u>	<u>6,532</u>
Total governmental activities long-term obligations	<u>\$ 2,393,750</u>	<u>\$ 1,764,557</u>	<u>\$ (1,949,609)</u>	<u>\$ 2,208,698</u>	<u>\$ 1,817,960</u>
	Balance <u>12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/13</u>	Amounts Due in <u>One Year</u>
<b><u>Business-type activities:</u></b>					
<u>Other long-term obligations:</u>					
Compensated absences	<u>\$ 6,971</u>	<u>\$ 10,485</u>	<u>\$ (5,620)</u>	<u>\$ 11,836</u>	<u>\$ 5,472</u>
Total business-type activities long-term obligations	<u>\$ 6,971</u>	<u>\$ 10,485</u>	<u>\$ (5,620)</u>	<u>\$ 11,836</u>	<u>\$ 5,472</u>

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

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

General obligation notes - The real estate acquisition notes were issued for \$76,000 on March 22, 2013, bear an interest rate of 1.90% and mature on March 22, 2014. These notes were used to retire the \$131,000 real estate acquisition notes which matured on March 22, 2013. The business park improvement notes were issued for \$613,700 on December 6, 2013, bear an interest rate of 2.25% and mature on December 5, 2014. These notes were used to retire the \$663,700 business park improvement notes which matured on December 6, 2013. The bond anticipation notes were issued for \$780,765 on May 18, 2012, bore an interest rate of 2.50% and matured on May 18, 2013. The road improvement notes were issued for \$310,735 on May 18, 2012, bore an interest rate of 2.50% and matured on May 18, 2013. Road improvement notes were issued for \$1,059,000 on May 17, 2013, bear an interest rate of 1.75% and mature on May 16, 2014.

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

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

Debt margin - The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the Village's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the Village's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2013, the Village's total debt margin was \$5,582,741 and the unvoted debt margin was \$4,063,364.

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Principal and interest requirements to retire the Village's bonds outstanding at December 31, 2013 were:

Year Ending December 31,	Jamaica Road Improvements			Union Road Extension		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 1,728	\$ 1,026	\$ 2,754	\$ 16,000	\$ 3,188	\$ 19,188
2015	1,832	932	2,764	17,000	2,188	19,188
2016	1,942	813	2,755	18,000	1,125	19,125
2017	2,058	696	2,754	-	-	-
2018	2,182	573	2,755	-	-	-
2019 - 2021	<u>7,363</u>	<u>901</u>	<u>8,264</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,105</u>	<u>\$ 4,941</u>	<u>\$ 22,046</u>	<u>\$ 51,000</u>	<u>\$ 6,501</u>	<u>\$ 57,501</u>

Year Ending December 31,	Eagle Court			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	25,000	2,930	27,930	20,000	8,740	28,740
2018	30,000	1,605	31,605	25,000	7,830	32,830
2019 - 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,000</u>	<u>20,976</u>	<u>155,976</u>
Total	<u>\$ 130,000</u>	<u>\$ 21,151</u>	<u>\$ 151,151</u>	<u>\$ 240,000</u>	<u>\$ 68,956</u>	<u>\$ 308,956</u>

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 12 - RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2013, the Village contracted with several companies for various types of insurance as follows. The risk of loss transfers to the insurance carrier upon payment of the premium. The following is a summary of the Village's insurance coverage:

<u>Company</u>	<u>Type</u>	<u>Deductible</u>	<u>Coverage</u>
The Ohio Plan	Commercial Property	\$1,000	\$3,265,203
The Ohio Plan	Scheduled & Misc. Equipment	\$1,000	\$629,110
The Ohio Plan	Auto Comprehensive & Collision	\$500	ACV
The Ohio Plan	Emergency Auto Comprehensive & Collision	\$500	\$932,403
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.

**NOTE 13 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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



## VILLAGE OF CARLISLE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 13 - PENSION PLANS - (Continued)

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and contribution rates were consistent across all three plans. The 2013 member contribution rates were 10.00% for members. The Village's contribution rate for 2013 was 14.00% of covered payroll.

The Village's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 14.00%. The Village's contribution rate for pension benefits for members in the Combined Plan for 2013 was 14.00%. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$71,869, \$50,656, and \$51,687, respectively; 89.99% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 pension liability has been reported as due to other governments/pension obligation payable on the basic financial statements. Contributions to the member-directed plan for 2013 were \$4,309 made by the Village and \$3,078 made by the plan members.

#### **B. Ohio Police and Fire Pension Fund**

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

Funding Policy - From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.00% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.00% of their annual covered salary. Throughout 2013, the Village was required to contribute 19.50% for police officers. Contribution rates are established by State statute.

For 2013, the portion of the Village's contributions to fund pension obligations was 14.81% for January 1, 2013 through May 31, 2013 and 16.65% for June 1, 2013 through December 31, 2013 for police officers. The Village's required contributions for pension obligations to OP&F for police officers were \$52,886 for the year ended December 31, 2013, \$31,387 for the year ended December 31, 2012, and \$21,211 for the year ended December 31, 2011. The full amount has been contributed for 2013, 2012 and 2011.

## VILLAGE OF CARLISLE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### 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>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013, 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 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

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

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$5,526, \$20,267, and \$20,726, respectively; 89.99% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 post-employment health care benefits liability has been reported as due to other governments/pension obligation payable on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**VILLAGE OF CARLISLE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

**B. Ohio Police and Fire Pension Fund**

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

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

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

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at [www.op-f.org](http://www.op-f.org).

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

**VILLAGE OF CARLISLE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers were \$12,187 for the year ended December 31, 2013, \$16,617 for the year ended December 31, 2012, and \$11,229 for the year ended December 31, 2011. The full amount has been contributed for 2013, 2012 and 2011.

**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 assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

**Net Change in Fund Balance**

	<u>General fund</u>	<u>Fire</u>	<u>Timber Ridge TIF</u>	<u>Police Services</u>
Budget basis	\$ (42,037)	\$ 29,667	\$ 47,701	\$ (22,365)
Net adjustment for revenue accruals	3,628	-	-	3,230
Net adjustment for expenditure accruals	8,091	(635)	-	3,468
Net adjustment for other sources/uses	76,000	-	-	-
Adjustment for encumbrances	<u>11,464</u>	<u>11,184</u>	<u>-</u>	<u>11,244</u>
GAAP basis	<u>\$ 57,146</u>	<u>\$ 40,216</u>	<u>\$ 47,701</u>	<u>\$ (4,423)</u>

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 16 - FUND BALANCE**

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

Fund balance	General	Fire	Timber Ridge TIF	Police Services
Nonspendable:				
Materials and supplies inventory	\$ 6,346	\$ 416	\$ -	\$ -
Prepays	<u>10,541</u>	<u>1,639</u>	<u>-</u>	<u>3,152</u>
Total nonspendable	<u>16,887</u>	<u>2,055</u>	<u>-</u>	<u>3,152</u>
Restricted:				
Capital improvements	-	-	115,685	-
Security of persons and property	-	145,972	-	255,061
Community environment	-	-	-	-
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total restricted	<u>-</u>	<u>145,972</u>	<u>115,685</u>	<u>255,061</u>
Committed:				
Transportation	-	-	-	-
Debt service	-	-	-	-
Capital improvements	-	-	-	-
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned:				
General government	3,291	-	-	-
Security of persons and property	543	-	-	-
Community environment	6,927	-	-	-
Subsequent year appropriation	<u>16,705</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assigned	<u>27,466</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>553,056</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 597,409</u>	<u>\$ 148,027</u>	<u>\$ 115,685</u>	<u>\$ 258,213</u>

**VILLAGE OF CARLISLE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**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	\$ -	\$ -	\$ 6,329	\$ 13,091
Prepays	-	-	1,620	16,952
Total nonspendable	-	-	7,949	30,043
Restricted:				
Capital improvements	-	4,283	7,790	127,758
Security of persons and property	-	-	107,851	508,884
Community environment	38,268	-	-	38,268
Transportation	-	-	359,575	359,575
Other purposes	-	-	26,191	26,191
Total restricted	38,268	4,283	501,407	1,060,676
Committed:				
Transportation	-	-	141,588	141,588
Debt service	-	-	12,214	12,214
Capital improvements	-	-	6,120	6,120
Other purposes	-	-	-	-
Total committed	-	-	159,922	159,922
Assigned:				
General government	-	-	-	3,291
Security of persons and property	-	-	-	543
Community environment	-	-	-	6,927
Subsequent year appropriation	-	-	-	16,705
Total assigned	-	-	-	27,466
Unassigned	-	-	(74,527)	478,529
Total fund balances	\$ 38,268	\$ 4,283	\$ 594,751	\$ 1,756,636

**VILLAGE OF CARLISLE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**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	\$ 10,761
Fire	11,184
Police services	11,244
Nonmajor governmental funds	<u>55,741</u>
Total	<u>\$ 88,930</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, 2013.

**B. Litigation**

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

**NOTE 19 – SIGNIFICANT SUBSEQUENT EVENT**

The Village issued general obligation notes on March 21, 2014 in the amount of \$46,000 that mature on March 20, 2015. These general obligation notes were used to retire the general obligation notes issued on March 22, 2013. The Village also issued general obligation notes on May 16, 2014 in the amount of \$1,020,000 that mature on May 15, 2015. These general obligation notes were used to retire the general obligation notes issued on May 17, 2013.





# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carlisle, Warren County, (the Village) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 15, 2015.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 Entity's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 15, 2015



# 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  
FEBRUARY 9, 2016