

VILLAGE OF CARLISLE
WARREN COUNTY, OHIO
AUDIT REPORT
For the Year Ended December 31, 2012





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Carlisle, Warren County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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Dave Yost
Auditor of State

October 24, 2013

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VILLAGE OF CARLISLE
WARREN COUNTY
AUDIT REPORT
For the Year Ended December 31, 2012

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INDEPENDENT AUDITORS' REPORT

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

To the Members of Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carlisle, Warren County, Ohio (the Village), as of and for the year ended December 31, 2012, 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, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund, Fire Fund, Timber Ridge TIF Fund and Police Services Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, in 2012 the Village adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

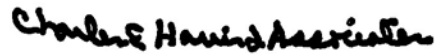
Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements,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

Supplementary and Other Information

Our audit was conducted to opine on the financial statements taken as a whole. The schedule of expenditures of federal awards presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subjected to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

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

A handwritten signature in black ink that reads "Charles E. Harris Associates". The signature is written in a cursive, slightly slanted style.

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

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 (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, 2012. 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 2012 are as follows:

- The total net position of the Village increased \$804,032. Net position of governmental activities increased \$1,136,033 or 29.64% from 2011 and net position of business-type activities decreased \$332,001 or 5.38% from 2011.
- General revenues accounted for \$1,345,400 or 45.74% of total governmental activities revenue. Program specific revenues accounted for \$1,596,227 or 54.26% of total governmental activities revenue.
- The Village had \$1,805,594 in expenses related to governmental activities; \$1,596,227 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$209,367 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$1,345,400.
- The general fund had revenues of \$933,780 in 2012. This represents a decrease of \$20,638 from 2011. The expenditures and other financing uses of the general fund, which totaled \$955,790 in 2012, decreased \$96,596 from 2011. The net decrease in fund balance for the general fund was \$22,010 or 3.91%.
- The fire fund had revenues of \$154,494 in 2012. The expenditures of the fire fund totaled \$109,699 in 2012. The net increase in fund balance for the fire fund was \$44,795 or 71.09%.
- The Timber Ridge TIF fund had revenues of \$193,714 in 2012. The expenditures of the Timber Ridge TIF fund totaled \$320,468 in 2012. The net decrease in fund balance for the Timber Ridge TIF fund was \$126,754 or 65.09%.
- The police services fund had revenues of \$303,003 in 2012. The expenditures of the police services fund totaled \$315,624 in 2012. The net decrease in fund balance for the police services fund was \$12,621 or 4.59%.
- The Carlisle Business Park fund had other financing sources of \$945,200 in 2012. The expenditures of the Carlisle Business Park fund totaled \$1,006,008 in 2012. The net decrease in fund balance for the Carlisle Business Park fund was \$60,808 or 50.03%.
- The SR 123 Reconstruction Phase X fund had revenues of \$858,363 in 2012. The expenditures of the SR 123 Reconstruction Phase X fund totaled \$878,703 in 2012. The net decrease in fund balance for the SR 123 Reconstruction Phase X fund was \$20,340 or 83.75%.
- Net position for the business-type activities, which are made up of the sewer, water and refuse enterprise funds, decreased in 2012 by \$332,001. This decrease in net position was due primarily to expenses exceeding revenues.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 (UNAUDITED)

- In the general fund, the actual revenues and other financing sources came in \$69,489 higher than they were in the final budget and actual expenditures and other financing uses were \$103,331 less than the amount in the final budget. Budgeted expenditures and other financing uses were increased \$19,270 from the original to the final budget. Budgeted revenues remained the same in the original and final budget.

Using this Annual Financial Report

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

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

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the Village to provide programs and activities, the view of the Village as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" 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, 2012 (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 12.

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 X 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 24-33 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 34-36 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 37.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(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 38-68 of this report.

Government-Wide Financial Analysis

The table below provides a summary of the Village's net position at December 31, 2012 and 2011:

	Net Position					
	Governmental Activities 2012	Business-type Activities 2012	Governmental Activities 2011	Business-type Activities 2011	2012 Total	2011 Total
Assets						
Current and other assets	\$ 2,445,940	\$ 1,715,499	\$ 2,570,493	\$ 1,722,684	\$ 4,161,439	\$ 4,293,177
Capital assets, net	<u>5,344,984</u>	<u>4,233,852</u>	<u>4,342,154</u>	<u>4,545,451</u>	<u>9,578,836</u>	<u>8,887,605</u>
Total assets	<u>7,790,924</u>	<u>5,949,351</u>	<u>6,912,647</u>	<u>6,268,135</u>	<u>13,740,275</u>	<u>13,180,782</u>
Liabilities						
Long-term liabilities outstanding	2,393,750	6,971	2,317,361	4,628	2,400,721	2,321,989
Other liabilities	<u>74,380</u>	<u>98,162</u>	<u>425,885</u>	<u>87,288</u>	<u>172,542</u>	<u>524,047</u>
Total liabilities	<u>2,468,130</u>	<u>105,133</u>	<u>2,743,246</u>	<u>91,916</u>	<u>2,573,263</u>	<u>2,846,036</u>
Deferred inflows of resources						
Property taxes levied for the next fiscal year	179,622	-	182,464	-	179,622	182,464
Payment in lieu of taxes	<u>174,520</u>	<u>-</u>	<u>154,318</u>	<u>-</u>	<u>174,520</u>	<u>154,318</u>
Total liabilities	<u>354,142</u>	<u>-</u>	<u>336,782</u>	<u>-</u>	<u>354,142</u>	<u>336,782</u>
Net Position						
Net investment in capital assets	3,458,784	4,233,852	2,251,458	4,545,451	7,692,636	6,796,909
Restricted	1,418,530	-	1,474,112	-	1,418,530	1,474,112
Unrestricted	<u>91,338</u>	<u>1,610,366</u>	<u>107,049</u>	<u>1,630,768</u>	<u>1,701,704</u>	<u>1,737,817</u>
Total net position	<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>

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2012, the Village's assets exceeded liabilities by \$10,812,870. At year-end, net position was \$4,968,652 and \$5,844,218 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 69.71% 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, 2012, were \$3,458,784 and \$4,233,852 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, \$1,418,530, 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 \$91,338.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

The table below shows the changes in net position for 2012 and 2011.

	Governmental		Business-type		2012		2011	
	Activities	Activities	Activities	Activities	Total	Total	Total	Total
	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>				
Change in Net Assets								
Revenues								
Program revenues:								
Charges for services	\$ 239,346	\$ 1,391,750	\$ 225,465	\$ 1,786,731	\$ 1,631,096	\$ 2,012,196		
Operating grants and contributions	457,372	326,228	807,994	-	783,600	807,994		
Capital grants and contributions	<u>899,509</u>	<u>361,855</u>	<u>52,597</u>	<u>-</u>	<u>1,261,364</u>	<u>52,597</u>		
Total program revenues	<u>1,596,227</u>	<u>2,079,833</u>	<u>1,086,056</u>	<u>1,786,731</u>	<u>3,676,060</u>	<u>2,872,787</u>		
General revenues:								
Property taxes	196,351	-	200,615	-	196,351	200,615		
Income taxes	914,468	-	886,569	-	914,468	886,569		
Unrestricted grants and entitlements	105,172	-	129,084	5,957	105,172	135,041		
Payment in lieu of taxes	115,456	-	116,707	-	115,456	116,707		
Investment earnings	6,334	-	24,377	-	6,334	24,377		
Miscellaneous	<u>7,619</u>	<u>-</u>	<u>20,092</u>	<u>-</u>	<u>7,619</u>	<u>20,092</u>		
Total general revenues	1,345,400	-	1,377,444	5,957	1,345,400	1,383,401		
Total revenues	2,941,627	2,079,833	2,463,500	1,792,688	5,021,460	4,256,188		
Expenses:								
General government	598,777	-	575,351	-	598,777	575,351		
Security of persons and property	763,411	-	768,433	-	763,411	768,433		
Transportation	236,529	-	393,828	-	236,529	393,828		
Community environment	131,818	-	199,608	-	131,818	199,608		
Leisure time activity	10,852	-	10,437	-	10,852	10,437		
Interest and fiscal charges	64,207	-	66,119	-	64,207	66,119		
Sewer	-	1,779,262	-	1,691,309	1,779,262	1,691,309		
Refuse	-	298,213	-	231,077	298,213	231,077		
Water	<u>-</u>	<u>334,359</u>	<u>-</u>	<u>332,880</u>	<u>334,359</u>	<u>332,880</u>		
Total expenses	<u>1,805,594</u>	<u>2,411,834</u>	<u>2,013,776</u>	<u>2,255,266</u>	<u>4,217,428</u>	<u>4,269,042</u>		
Change in net assets	1,136,033	(332,001)	449,724	(462,578)	804,032	(12,854)		
Net assets at beginning of year	3,832,619	6,176,219	3,382,895	6,638,797	10,008,838	10,021,692		
Net assets at end 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>		

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

Governmental Activities

Governmental activities net position increased \$1,136,033 in 2012.

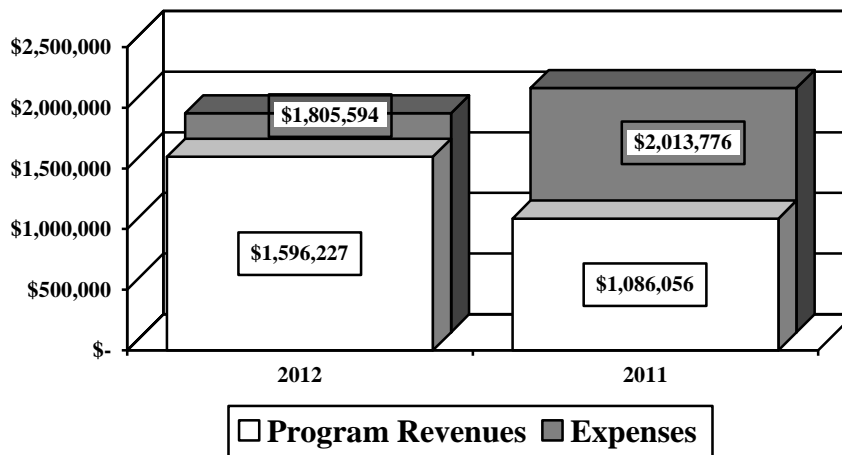
Security of persons and property which primarily supports the operation of police and fire services accounted for \$763,411 or 42.28% of the total expenses of the Village. Security of persons and property expenses were partially funded by \$273 in operating grants and contributions. General government expenses totaled \$598,777. General government expenses were partially funded by \$97,381 in direct charges to users of the services.

The state and federal government contributed to the Village a total of \$457,372 in operating grants and contributions and \$899,509 in capital grants and contributions. These revenues are restricted to a particular program or purpose. All of the capital grants and contributions subsidized community environment programs.

General revenues totaled \$1,345,400, and amounted to 45.74% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$1,109,207. 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 \$105,172 and payment in lieu of taxes of \$115,456.

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 2012.

Governmental Activities - Program Revenues vs. Total Expenses



VILLAGE OF CARLISLE, OHIO

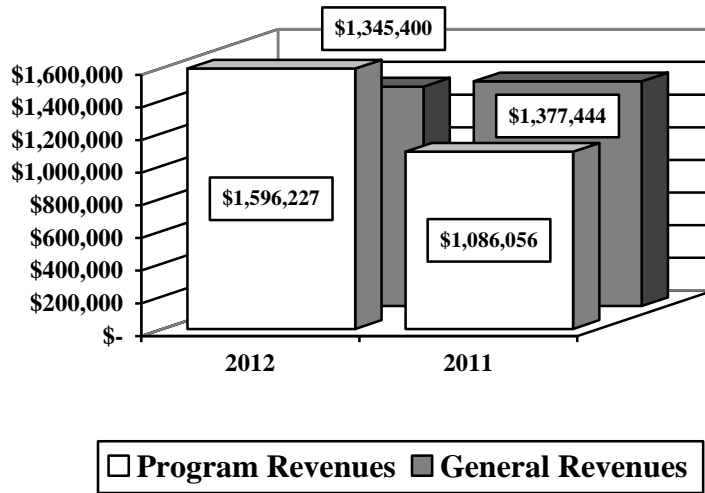
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

Governmental Activities

	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>
Program expenses:				
General government	\$ 598,777	\$ 286,202	\$ 575,351	\$ 330,741
Security of persons and property	763,411	763,138	768,433	760,631
Transportation	236,529	(863,739)	393,828	(242,898)
Community environment	131,818	9,073	199,608	48,377
Leisure time activity	10,852	10,852	10,437	10,437
Interest and fiscal charges	64,207	3,841	66,119	20,432
Total	<u>\$ 1,805,594</u>	<u>\$ 209,367</u>	<u>\$ 2,013,776</u>	<u>\$ 927,720</u>

The dependence upon general revenues for governmental activities is apparent, with 11.60% of expenses supported through taxes and other general revenues. The chart below illustrates the Village's program revenues versus general revenues for 2012 and 2011.

Governmental Activities - General and Program Revenues

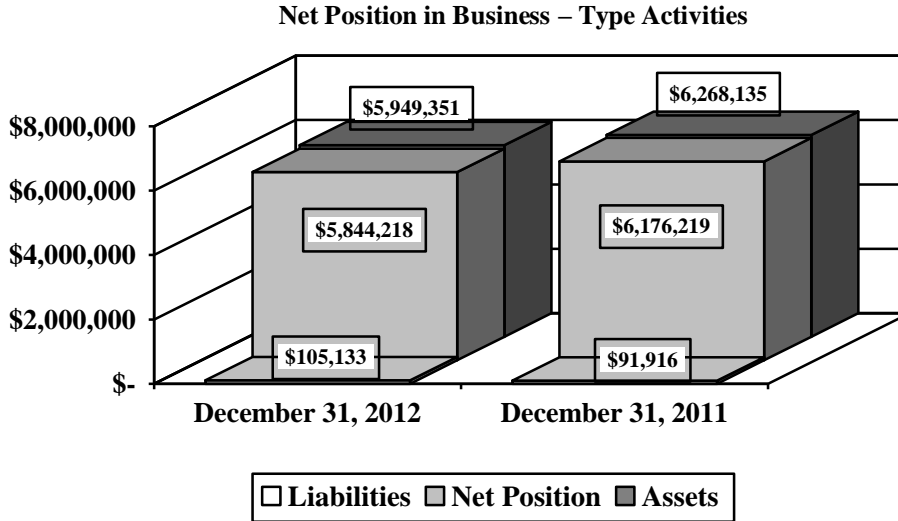


VILLAGE OF CARLISLE, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

Business-type Activities

Business-type activities include the sewer, water and refuse enterprise funds. These programs had program revenues of \$2,079,833 and expenses of \$2,411,834 for 2012. 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 \$1,737,991 which is \$77,893 lower than last year’s balance of \$1,815,884.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2012 and 2011 for all major and non-major governmental funds.

	<u>Fund Balances</u> <u>12/31/12</u>	<u>Fund Balances</u> <u>12/31/11</u>	<u>Increase/</u> <u>(Decrease)</u>
Major funds:			
General	\$ 540,263	\$ 562,273	\$ (22,010)
Fire	107,811	63,016	44,795
Timber Ridge TIF	67,984	194,738	(126,754)
Police Services	262,636	275,257	(12,621)
Carlisle Business Park	60,741	121,549	(60,808)
SR/123 Reconstruction Phase X	3,946	24,286	(20,340)
Other nonmajor governmental funds	<u>694,610</u>	<u>574,765</u>	<u>119,845</u>
Total	<u>\$ 1,737,991</u>	<u>\$ 1,815,884</u>	<u>\$ (77,893)</u>

General Fund

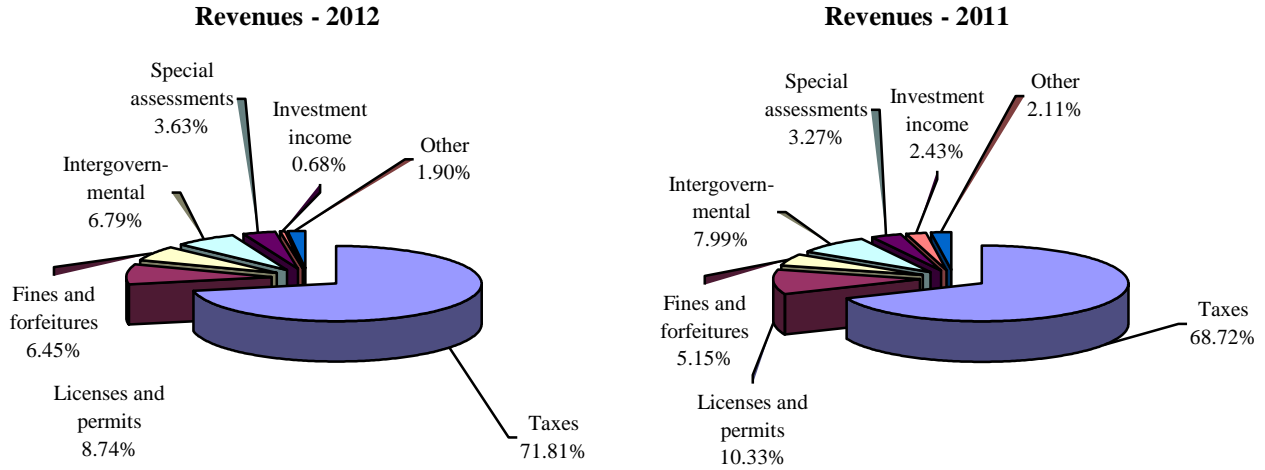
The Village's general fund balance decreased \$22,010. The table that follows assists in illustrating the revenues of the general fund.

	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	\$ 670,566	\$ 655,838	2.25 %
Licenses and permits	81,599	98,634	(17.27) %
Fines and forfeitures	60,259	49,204	22.47 %
Intergovernmental	63,376	76,219	(16.85) %
Special assessments	33,892	31,220	8.56 %
Investment income	6,334	23,211	(72.71) %
Other	<u>17,754</u>	<u>20,092</u>	(11.64) %
Total	<u>\$ 933,780</u>	<u>\$ 954,418</u>	(2.16) %

Tax revenue represents 71.81% of all general fund revenue. Tax revenue increased 2.25% from prior year. This is due in particular to an increase in income tax revenues. The increase in fines and forfeitures is due to an increase in court revenues during 2012. The 72.71% decrease in investment income was primarily due to the Village having no certificates of deposit or any type of investments in 2012. All other revenues remained comparable to 2011.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)



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

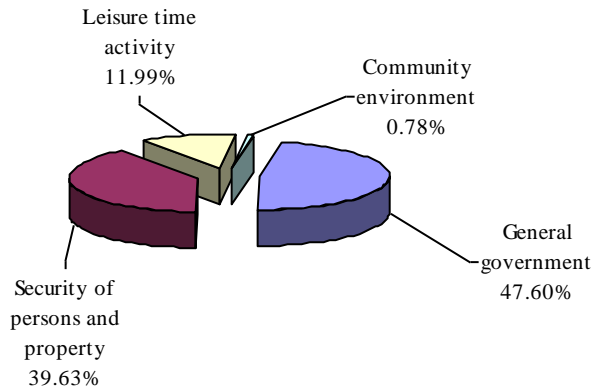
	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 395,144	\$ 411,884	(4.06) %
Security of persons and property	329,079	359,536	(8.47) %
Community environment	99,573	82,858	20.17 %
Leisure time activity	6,494	6,608	(1.73) %
Total	<u>\$ 830,290</u>	<u>\$ 860,886</u>	(3.55) %

The Village decreased total expenditures by 3.55%. The increase in community environment is due to an increase in salaries expenditures. Other expenditures remained comparable from 2012 to 2011.

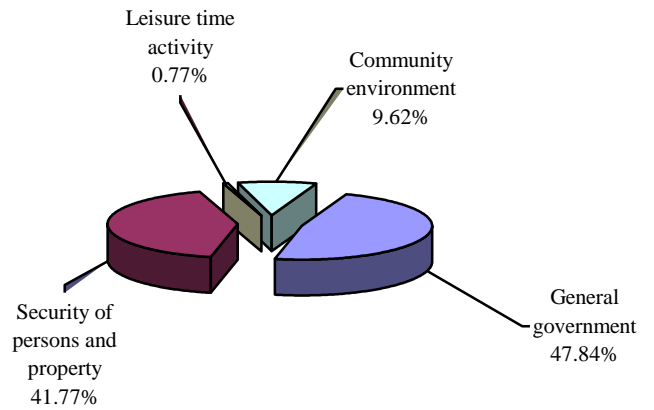
VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

Expenditures - 2012



Expenditures - 2011



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 \$69,489 higher than they were in the final budget and actual expenditures and other financing uses were \$103,331 less than the amount in the final budget. Budgeted expenditures and other financing uses were increased \$19,270 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 \$154,494 in 2012. The expenditures of the fire fund totaled \$109,699 in 2012. The net increase in fund balance for the fire fund was \$44,795 or 71.09%.

Timber Ridge TIF Fund

The Timber Ridge TIF fund had revenues of \$193,714 in 2012. The expenditures of the Timber Ridge TIF fund totaled \$320,468 in 2012. The net decrease in fund balance for the Timber Ridge TIF fund was \$126,754 or 65.09%.

VILLAGE OF CARLISLE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)**

Police Services Fund

The police services fund had revenues of \$303,003 in 2012. The expenditures of the police services fund totaled \$315,624 in 2012. The net decrease in fund balance for the police services fund was \$12,621 or 4.59%.

Carlisle Business Park Fund

The Carlisle Business Park fund had other financing sources of \$945,200 in 2012. The expenditures of the Carlisle Business Park fund totaled \$1,006,008 in 2012. The net decrease in fund balance for the Carlisle Business Park fund was \$60,808 or 50.03%.

SR 123 Reconstruction Phase X

The SR 123 Reconstruction Phase X fund had revenues of \$858,363 in 2012. The expenditures of the SR 123 Reconstruction Phase X fund totaled \$878,703 in 2012. The net decrease in fund balance for the SR 123 Reconstruction Phase X fund was \$20,340 or 83.75%.

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 \$1,391,750 in 2012. The operating expenses of the sewer fund, totaled \$1,779,262 in 2012. The net decrease in net position for the sewer fund was \$387,512 or 8.29%.

Water Fund

The water fund had operating revenues of \$326,228 in 2012. The operating expenses of the water fund, totaled \$298,213 in 2012. The net increase in net position for the water fund was \$28,015 or 2.13%.

Refuse Fund

The refuse fund had operating revenues of \$361,855 in 2012. The operating expenses of the refuse fund totaled \$334,359 in 2012. The net increase in net position for the refuse fund was \$27,496 or 14.66%.

Capital Assets and Debt Administration

Capital Assets

At the end of 2012, the Village had \$9,578,836 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$5,344,984 was reported in governmental activities and \$4,233,852 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, 2012
(UNAUDITED)

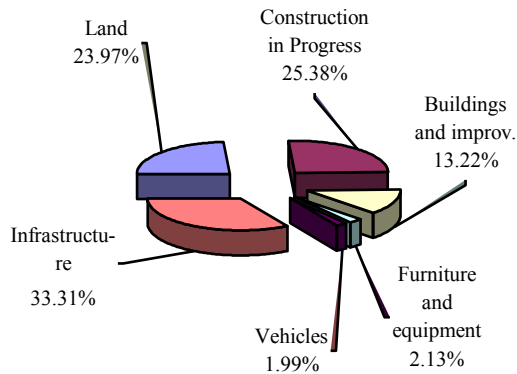
The following table shows December 31, 2012 balances compared to December 31, 2011:

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

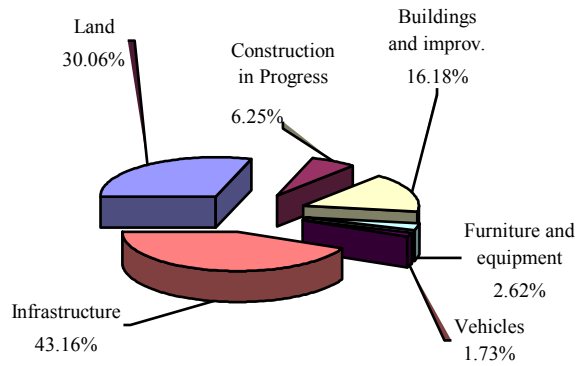
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,281,332	\$ 1,306,332	\$ -	\$ -	\$ 1,281,332	\$ 1,306,332
Construction in progress	1,356,498	271,714	-	-	1,356,498	271,714
Buildings and improvements	706,801	703,203	-	-	706,801	703,203
Furniture and equipment	113,760	113,983	72,511	55,035	186,271	169,018
Vehicles	106,464	75,127	6,274	12,546	112,738	87,673
Infrastructure	1,780,129	1,871,795	4,155,067	4,477,870	5,935,196	6,349,665
Totals	\$ 5,344,984	\$ 4,342,154	\$ 4,233,852	\$ 4,545,451	\$ 9,578,836	\$ 8,887,605

The following graphs show the breakdown of governmental capital assets by category for 2012 and 2011.

Capital Assets - Governmental Activities 2012



Capital Assets - Governmental Activities 2011



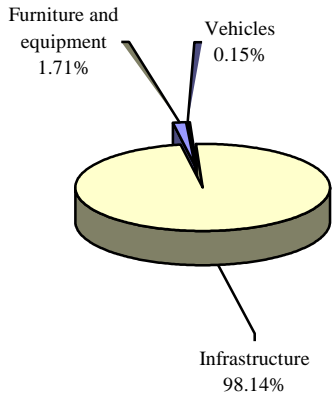
The Village's infrastructure is the largest capital asset category. The net book value of the Village's infrastructure represents approximately 33.31% of the Village's total governmental capital assets.

VILLAGE OF CARLISLE, OHIO

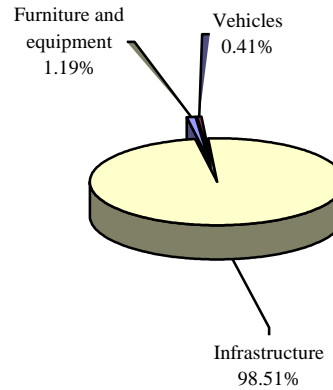
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

The following graphs show the breakdown of business-type capital assets by category for 2012 and 2011.

Capital Assets - Business-Type Activities 2012



Capital Assets - Business-Type Activities 2011



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 98.14% of the Village's total business-type capital assets.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2012 and 2011:

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
General obligation bonds	\$ 2,146,200	\$ 2,370,696
Special assessment bonds	234,736	270,274
Compensated absences	<u>12,814</u>	<u>13,173</u>
 Total long-term obligations	 <u>\$ 2,393,750</u>	 <u>\$ 2,654,143</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, 2012 (UNAUDITED)

Economic Conditions and Outlook

Located in the northernmost corner of Warren County and spreading into southern Montgomery, Carlisle is a community with over 4,900 residents. It is conveniently located within driving distance of two major cities – Cincinnati (approx. 30 mi. south) and Dayton (approx. 15 mi. north). The area is served by both state and U.S. highways. State Route 123 travels through the heart of Carlisle with State Routes 4 and 73 being located just outside its borders and Interstate Route 75 is just three miles from the downtown area. Carlisle's early growth stemmed from the still active railroad community. This combination of geographical location and transportation convenience makes Carlisle an attractive site for both families and business alike. The 2010 census indicated that Carlisle had a population of 4,915 thus reverting back to "village" status. With the exception of minor changes to stationary and signage, this moniker change is not expected to have a significant impact to the fiscal health of the community. There is even a possible financial advantage to losing 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 city limits. The Carlisle Industrial Park has been an established industrial base providing an excellent location for numerous manufacturing and service industries. This park offers direct access to SR-123 as well as connection to the CSX railroad system. The Carlisle Business Park is a newer development that offers over 88 acres of gently rolling land which is an excellent site for manufacturing, warehousing, service business or office needs. Given the current economic climate, development of this shovel-ready business park has been slow. However, there is continuing interest shown by both current and prospective businesses including the sale of over 1.5 acres to a new business and an additional .12 acres to an existing building in the park in 2012.

Carlisle has continued to seek funding for community improvement projects. The on-going project of Phase X of SR-123 Reconstruction was completed in 2012 with final reimbursement paperwork completed in FY2013. This project was a result of OPWC and ODOT monies and focused on the revamping the downtown area of the Village between Park Avenue and Jamaica Road. The project included road widening with center turn lane, curbs, gutters and sidewalks. Funding for this phase will be a combination of Federal, State and local funding. In addition, the Village was awarded monies from OPWC – Clean Ohio Conservation Fund in 2012 for the expansion of Cook Park. The Village was also able to add play equipment to this park utilizing Montgomery County CDBG monies.

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 2012 budget, the Village utilizes a basic philosophy to submit a balanced budget to Council for the operations of the Village.

Local income tax collections for 2012 were approximately 4.3% higher than 2011 levels. However, the Village's largest employer – the Carlisle Local School system – has experienced significant funding reductions and the failed passage of an additional operating levy. The loss of school employment will have an impact on 2013 local income tax collections. In addition, another employer in the Village – Vork Trucking – was forced to cease operations in late 2012 due to lack of work. It is anticipated that 2013 income tax revenues will be negatively impacted due to these changes. The Village has been focusing energy on economic development to help increase the business base to offset these anticipated losses.

VILLAGE OF CARLISLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 (UNAUDITED)

Funding from both the State and Federal level and general downsizing in overall industry continue to create an economic challenge for the Village. However, the number of new residential housing has continued to increase in 2012 as compared to 2011 indicating the beginning of 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 began discussion with Council in fiscal year 2012 regarding remedies for anticipated revenue decreases – such as increasing the service rates for water, sewer, and refuse to residents. Discussion will continue in fiscal year 2013 and will include long-term financial projections.

These economic factors were considered in preparing the Village's budget for fiscal year 2013. Budgeted revenues and other financing sources in the general fund for fiscal year 2013 budget are \$1,506,637. The Village will continue conservative budgeting practices and will continue to look at long-term budget forecasts to make adequate plans to maintain solvency.

Contacting the Village's Financial Management

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

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 1,597,967	\$ 1,572,052	\$ 3,170,019
Receivables (net of allowances for uncollectibles):			
Income taxes.	237,037	-	237,037
Property and other taxes.	200,718	-	200,718
Payment in lieu of taxes	174,520	-	174,520
Accounts.	19,733	84,568	104,301
Special assessments	3,056	45,575	48,631
Due from other governments.	173,461	957	174,418
Materials and supplies inventory.	22,697	790	23,487
Prepayments	16,751	11,557	28,308
Capital assets:			
Land and construction in progress.	2,637,830	-	2,637,830
Depreciable capital assets, net.	2,707,154	4,233,852	6,941,006
Total capital assets, net.	<u>5,344,984</u>	<u>4,233,852</u>	<u>9,578,836</u>
Total assets	<u>7,790,924</u>	<u>5,949,351</u>	<u>13,740,275</u>
Liabilities:			
Accounts payable.	7,172	80,913	88,085
Accrued wages and benefits payable	11,082	6,995	18,077
Due to other governments	31,126	10,254	41,380
Accrued interest payable	25,000	-	25,000
Long-term liabilities:			
Due within one year	1,949,609	5,620	1,955,229
Due in more than one year.	444,141	1,351	445,492
Total liabilities	<u>2,468,130</u>	<u>105,133</u>	<u>2,573,263</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	179,622	-	179,622
Payment in lieu of taxes levied for the next fiscal year. .	174,520	-	174,520
Total deferred inflows of resources	<u>354,142</u>	<u>-</u>	<u>354,142</u>
Net position:			
Net investment in capital assets	3,458,784	4,233,852	7,692,636
Restricted for:			
Debt service	7,998	-	7,998
Capital projects	138,149	-	138,149
Transportation projects	651,950	-	651,950
Public safety	593,737	-	593,737
Other purposes.	26,696	-	26,696
Unrestricted.	91,338	1,610,366	1,701,704
Total net position	<u>\$ 4,968,652</u>	<u>\$ 5,844,218</u>	<u>\$ 10,812,870</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 598,777	\$ 97,381	\$ 215,194	\$ -
Security of persons and property	763,411	-	273	-
Transportation	236,529	-	241,905	858,363
Community environment	131,818	81,599	-	41,146
Leisure time activity	10,852	-	-	-
Interest and fiscal charges	64,207	60,366	-	-
Total governmental activities	<u>1,805,594</u>	<u>239,346</u>	<u>457,372</u>	<u>899,509</u>
Business-type activities:				
Sewer	1,779,262	1,391,750	-	-
Water	298,213	326,228	-	-
Refuse	334,359	361,855	-	-
Total business-type activities	<u>2,411,834</u>	<u>2,079,833</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 4,217,428</u>	<u>\$ 2,319,179</u>	<u>\$ 457,372</u>	<u>\$ 899,509</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 Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (286,202)	\$ -	\$ (286,202)
(763,138)	-	(763,138)
863,739	-	863,739
(9,073)	-	(9,073)
(10,852)	-	(10,852)
(3,841)	-	(3,841)
<u>(209,367)</u>	<u>-</u>	<u>(209,367)</u>
-	(387,512)	(387,512)
-	28,015	28,015
-	<u>27,496</u>	<u>27,496</u>
-	(332,001)	(332,001)
<u>(209,367)</u>	<u>(332,001)</u>	<u>(541,368)</u>
64,611	-	64,611
131,345	-	131,345
608,803	-	608,803
304,448	-	304,448
105,172	-	105,172
115,456	-	115,456
6,334	-	6,334
9,231	-	9,231
<u>1,345,400</u>	<u>-</u>	<u>1,345,400</u>
1,136,033	(332,001)	804,032
<u>3,832,619</u>	<u>6,176,219</u>	<u>10,008,838</u>
<u>\$ 4,968,652</u>	<u>\$ 5,844,218</u>	<u>\$ 10,812,870</u>

VILLAGE OF CARLISLE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	<u>General</u>	<u>Fire</u>	<u>Timber Ridge TIF</u>	<u>Police Services</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 466,687	\$ 110,748	\$ 67,984	\$ 246,685
Receivables:				
Income taxes.	158,033	-	-	79,004
Property and other taxes.	62,899	137,819	-	-
Payment in lieu of taxes	-	-	102,588	-
Accounts.	19,217	-	-	-
Special assessments	3,056	-	-	-
Due from other governments	17,844	10,745	15,512	-
Materials and supplies inventory	6,029	481	-	-
Prepayments.	9,358	1,743	-	3,686
Total assets	<u>\$ 743,123</u>	<u>\$ 261,536</u>	<u>\$ 186,084</u>	<u>\$ 329,375</u>
Liabilities:				
Accounts payable.	\$ 4,578	\$ -	\$ -	\$ 8
Accrued wages and benefits	6,313	-	-	3,518
Due to other governments	12,880	5,161	-	11,148
Total liabilities.	<u>23,771</u>	<u>5,161</u>	<u>-</u>	<u>14,674</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	56,112	123,510	-	-
Delinquent property tax revenue not available.	6,787	14,309	-	-
Special assessments revenue not available.	3,056	-	-	-
Income tax revenue not available.	101,130	-	-	52,065
Nonexchange transactions not available	12,004	10,745	15,512	-
Payment in lieu of taxes levied for the next fiscal year.	-	-	102,588	-
Total deferred inflows of resources	<u>179,089</u>	<u>148,564</u>	<u>118,100</u>	<u>52,065</u>
Fund balances:				
Nonspendable.	15,387	2,224	-	3,686
Restricted.	-	105,587	67,984	258,950
Committed.	-	-	-	-
Assigned.	135,051	-	-	-
Unassigned.	389,825	-	-	-
Total fund balances.	<u>540,263</u>	<u>107,811</u>	<u>67,984</u>	<u>262,636</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 743,123</u>	<u>\$ 261,536</u>	<u>\$ 186,084</u>	<u>\$ 329,375</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Carlisle Business Park	SR 123 Reconstruction Phase X	Other Governmental Funds	Total Governmental Funds
\$ 60,741	\$ 3,946	\$ 641,176	\$ 1,597,967
-	-	-	237,037
-	-	-	200,718
-	-	71,932	174,520
-	-	516	19,733
-	-	-	3,056
-	-	129,360	173,461
-	-	16,187	22,697
-	-	1,964	16,751
<u>\$ 60,741</u>	<u>\$ 3,946</u>	<u>\$ 861,135</u>	<u>\$ 2,445,940</u>
\$ -	\$ -	\$ 2,586	\$ 7,172
-	-	1,251	11,082
-	-	1,937	31,126
<u>-</u>	<u>-</u>	<u>5,774</u>	<u>49,380</u>
-	-	-	179,622
-	-	-	21,096
-	-	-	3,056
-	-	-	153,195
-	-	88,819	127,080
-	-	71,932	174,520
<u>-</u>	<u>-</u>	<u>160,751</u>	<u>658,569</u>
-	-	18,151	39,448
60,741	3,946	429,991	927,199
-	-	246,468	246,468
-	-	-	135,051
-	-	-	389,825
<u>60,741</u>	<u>3,946</u>	<u>694,610</u>	<u>1,737,991</u>
<u>\$ 60,741</u>	<u>\$ 3,946</u>	<u>\$ 861,135</u>	<u>\$ 2,445,940</u>

VILLAGE OF CARLISLE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012

Total governmental fund balances	\$	1,737,991
 <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.		5,344,984
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 153,195	
Property taxes receivable	21,096	
Special assessments receivable	3,056	
Intergovernmental receivable	<u>127,080</u>	
Total		304,427
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	(25,000)	
Special assessment bonds	(234,736)	
General obligation bonds	(391,000)	
Bond anticipation notes	(1,755,200)	
Compensated absences	<u>(12,814)</u>	
Total		<u>(2,418,750)</u>
Net position of governmental activities	\$	<u><u>4,968,652</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Fire	Timber Ridge TIF	Police Services
Revenues:				
Income taxes	\$ 605,704	\$ -	\$ -	\$ 301,391
Property and other taxes	64,862	131,740	-	-
Licenses and permits	81,599	-	-	-
Fines and forfeitures	60,259	-	-	-
Intergovernmental	63,376	22,481	27,137	-
Special assessments	33,892	-	-	-
Investment income	6,334	-	-	-
Payment in lieu of taxes	-	-	166,577	-
Other	17,754	273	-	1,612
Total revenues	933,780	154,494	193,714	303,003
Expenditures:				
Current:				
General government	395,144	-	320,468	-
Security of persons and property	329,079	109,699	-	315,624
Transportation	-	-	-	-
Community environment	99,573	-	-	-
Leisure time activity	6,494	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	830,290	109,699	320,468	315,624
Excess (deficiency) of revenues over (under) expenditures	103,490	44,795	(126,754)	(12,621)
Other financing sources (uses):				
Note issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(125,500)	-	-	-
Total other financing sources (uses)	(125,500)	-	-	-
Net change in fund balances	(22,010)	44,795	(126,754)	(12,621)
Fund balances at beginning of year	562,273	63,016	194,738	275,257
Fund balances at end of year	\$ 540,263	\$ 107,811	\$ 67,984	\$ 262,636

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Carlisle Business Park	SR 123 Reconstruction Phase X	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 907,095
-	-	-	196,602
-	-	-	81,599
-	-	3,472	63,731
-	858,363	306,545	1,277,902
-	-	-	33,892
-	-	858	7,192
-	-	133,904	300,481
-	-	109,862	129,501
<u>-</u>	<u>858,363</u>	<u>554,641</u>	<u>2,997,995</u>
-	-	91,764	807,376
-	-	-	754,402
-	-	167,204	167,204
8,958	-	16,036	124,567
-	-	-	6,494
-	878,703	30,830	909,533
978,700	-	1,167,534	2,146,234
18,350	-	52,928	71,278
<u>1,006,008</u>	<u>878,703</u>	<u>1,526,296</u>	<u>4,987,088</u>
<u>(1,006,008)</u>	<u>(20,340)</u>	<u>(971,655)</u>	<u>(1,989,093)</u>
794,700	-	1,091,500	1,886,200
25,000	-	-	25,000
125,500	-	56,000	181,500
-	-	(56,000)	(181,500)
<u>945,200</u>	<u>-</u>	<u>1,091,500</u>	<u>1,911,200</u>
(60,808)	(20,340)	119,845	(77,893)
121,549	24,286	574,765	1,815,884
<u>\$ 60,741</u>	<u>\$ 3,946</u>	<u>\$ 694,610</u>	<u>\$ 1,737,991</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, 2012

Net change in fund balances - total governmental funds	\$	(77,893)
 <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 are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital asset additions	\$ 1,198,353	
Current year depreciation	<u>(170,523)</u>	
Total		1,027,830
 The effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(25,000)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	6,156	
Property taxes	(646)	
Special assessments	(242)	
Investment income	(11,563)	
Intergovernmental revenues	<u>(50,073)</u>	
Total		(56,368)
 The issuance of notes provides current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net assets.		
		(1,886,200)
 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.		
		2,146,234
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		7,071
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>359</u>
Change in net position of governmental activities	\$	<u>1,136,033</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 580,000	\$ 580,000	\$ 610,759	\$ 30,759
Property and other taxes.	65,000	65,000	64,862	(138)
Licenses and permits	92,500	92,500	126,070	33,570
Fines and forfeitures	51,000	51,000	60,671	9,671
Intergovernmental.	57,650	57,650	68,079	10,429
Special assessments	30,000	30,000	33,892	3,892
Investment income.	5,000	5,000	6,334	1,334
Other.	38,500	38,500	18,472	(20,028)
Total revenues	<u>919,650</u>	<u>919,650</u>	<u>989,139</u>	<u>69,489</u>
Expenditures:				
Current:				
General government	436,939	448,300	414,521	33,779
Security of persons and property	337,750	344,975	332,214	12,761
Community environment	155,210	155,894	101,104	54,790
Leisure time activity	8,060	8,060	6,059	2,001
Total expenditures	<u>937,959</u>	<u>957,229</u>	<u>853,898</u>	<u>103,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,309)</u>	<u>(37,579)</u>	<u>135,241</u>	<u>172,820</u>
Other financing sources (uses):				
Advances in.	4,928	4,928	4,928	-
Transfers (out)	(125,500)	(125,500)	(125,500)	-
Total other financing sources (uses)	<u>(120,572)</u>	<u>(120,572)</u>	<u>(120,572)</u>	<u>-</u>
Net change in fund balances	(138,881)	(158,151)	14,669	172,820
Fund balances at beginning of year.	429,490	429,490	429,490	-
Prior year encumbrances appropriated.	<u>6,820</u>	<u>6,820</u>	<u>6,820</u>	<u>-</u>
Fund balance at end of year	<u>\$ 297,429</u>	<u>\$ 278,159</u>	<u>\$ 450,979</u>	<u>\$ 172,820</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 129,613	\$ 129,613	\$ 131,740	\$ 2,127
Intergovernmental	22,118	22,118	22,481	363
Other	269	269	273	4
Total revenues	<u>152,000</u>	<u>152,000</u>	<u>154,494</u>	<u>2,494</u>
Expenditures:				
Current:				
Security of persons and property	135,332	148,689	111,500	37,189
Total expenditures	<u>135,332</u>	<u>148,689</u>	<u>111,500</u>	<u>37,189</u>
 Net change in fund balances	 16,668	 3,311	 42,994	 39,683
 Fund balances at beginning of year	 59,397	 59,397	 59,397	 -
Prior year encumbrances appropriated	<u>8,357</u>	<u>8,357</u>	<u>8,357</u>	<u>-</u>
 Fund balance at end of year	 <u>\$ 84,422</u>	 <u>\$ 71,065</u>	 <u>\$ 110,748</u>	 <u>\$ 39,683</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Payment in lieu of taxes	\$ 118,238	\$ 165,963	\$ 166,577	\$ 614
Intergovernmental	19,262	27,037	27,137	100
Total revenues	<u>137,500</u>	<u>193,000</u>	<u>193,714</u>	<u>714</u>
Expenditures:				
Current:				
General government	89,375	339,387	339,387	-
Total expenditures	<u>89,375</u>	<u>339,387</u>	<u>339,387</u>	<u>-</u>
 Net change in fund balances	 48,125	 (146,387)	 (145,673)	 714
 Fund balances at beginning of year	 <u>194,738</u>	 <u>194,738</u>	 <u>194,738</u>	 <u>-</u>
 Fund balance at end of year	 <u>\$ 242,863</u>	 <u>\$ 48,351</u>	 <u>\$ 49,065</u>	 <u>\$ 714</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 285,000	\$ 285,000	\$ 305,426	\$ 20,426
Other	-	-	1,612	1,612
Total revenues	<u>285,000</u>	<u>285,000</u>	<u>307,038</u>	<u>22,038</u>
Expenditures:				
Current:				
Security of persons and property.	<u>330,207</u>	<u>332,739</u>	<u>316,691</u>	<u>16,048</u>
Total expenditures	<u>330,207</u>	<u>332,739</u>	<u>316,691</u>	<u>16,048</u>
Net change in fund balances	(45,207)	(47,739)	(9,653)	38,086
Fund balances at beginning of year	255,806	255,806	255,806	-
Prior year encumbrances appropriated . . .	<u>532</u>	<u>532</u>	<u>532</u>	<u>-</u>
Fund balance at end of year	<u>\$ 211,131</u>	<u>\$ 208,599</u>	<u>\$ 246,685</u>	<u>\$ 38,086</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 1,060,887	\$ 319,810	\$ 191,355	\$ 1,572,052
Receivables (net of allowance for uncollectibles):				
Accounts	44,837	16,390	23,341	84,568
Special assessments	42,488	-	3,087	45,575
Due from other governments.	-	-	957	957
Materials and supplies inventory.	718	-	72	790
Prepayments	9,697	645	1,215	11,557
Total current assets	<u>1,158,627</u>	<u>336,845</u>	<u>220,027</u>	<u>1,715,499</u>
Noncurrent assets:				
Capital assets:				
Total depreciable capital assets, net.	3,224,817	1,009,035	-	4,233,852
Total noncurrent assets.	<u>3,224,817</u>	<u>1,009,035</u>	<u>-</u>	<u>4,233,852</u>
Total assets.	<u>4,383,444</u>	<u>1,345,880</u>	<u>220,027</u>	<u>5,949,351</u>
Liabilities:				
Current liabilities:				
Accounts payable.	80,910	1	2	80,913
Accrued wages and benefits	5,636	552	807	6,995
Compensated absences	303	2,586	2,731	5,620
Due to other governments	8,056	720	1,478	10,254
Total current liabilities	<u>94,905</u>	<u>3,859</u>	<u>5,018</u>	<u>103,782</u>
Long-term liabilities:				
Compensated absences.	-	1,334	17	1,351
Total long-term liabilities	<u>-</u>	<u>1,334</u>	<u>17</u>	<u>1,351</u>
Total liabilities	<u>94,905</u>	<u>5,193</u>	<u>5,035</u>	<u>105,133</u>
Net position:				
Net investment in capital assets.	3,224,817	1,009,035	-	4,233,852
Unrestricted	1,063,722	331,652	214,992	1,610,366
Total net position	<u>\$ 4,288,539</u>	<u>\$ 1,340,687</u>	<u>\$ 214,992</u>	<u>\$ 5,844,218</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, 2012

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Operating revenues:				
Charges for services	\$ 1,355,528	\$ 300,636	\$ 361,854	\$ 2,018,018
Tap-in fees.	33,870	19,990	-	53,860
Other	2,352	5,602	1	7,955
Total operating revenues.	<u>1,391,750</u>	<u>326,228</u>	<u>361,855</u>	<u>2,079,833</u>
Operating expenses:				
Personal services	365,763	31,687	68,284	465,734
Contract services.	1,119,763	209,069	265,881	1,594,713
Materials and supplies.	2,216	4,558	51	6,825
Transportation	900	90	45	1,035
Depreciation.	289,979	52,565	-	342,544
Other	641	244	98	983
Total operating expenses.	<u>1,779,262</u>	<u>298,213</u>	<u>334,359</u>	<u>2,411,834</u>
Change in net position	(387,512)	28,015	27,496	(332,001)
Net position at beginning of year	<u>4,676,051</u>	<u>1,312,672</u>	<u>187,496</u>	<u>6,176,219</u>
Net position at end of year	<u>\$ 4,288,539</u>	<u>\$ 1,340,687</u>	<u>\$ 214,992</u>	<u>\$ 5,844,218</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, 2012

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Refuse	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,396,834	\$ 320,312	\$ 360,425	\$ 2,077,571
Cash received from other operations.	2,352	5,602	1	7,955
Cash payments for personal services.	(368,517)	(27,635)	(65,832)	(461,984)
Cash payments for contractual services	(1,116,987)	(209,399)	(266,636)	(1,593,022)
Cash payments for materials and supplies	(2,016)	(4,558)	(46)	(6,620)
Cash payments for transportation	(900)	(90)	(45)	(1,035)
Cash payments for other expenses	(641)	(244)	(98)	(983)
Net cash provided by (used in) operating activities. . .	<u>(89,875)</u>	<u>83,988</u>	<u>27,769</u>	<u>21,882</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u>(30,945)</u>	<u>-</u>	<u>-</u>	<u>(30,945)</u>
Net cash used in capital and related financing activities.	<u>(30,945)</u>	<u>-</u>	<u>-</u>	<u>(30,945)</u>
Net increase (decrease) in cash and cash equivalents	(120,820)	83,988	27,769	(9,063)
Cash and cash equivalents at beginning of year . . .	<u>1,181,707</u>	<u>235,822</u>	<u>163,586</u>	<u>1,581,115</u>
Cash and cash equivalents at end of year.	<u><u>\$ 1,060,887</u></u>	<u><u>\$ 319,810</u></u>	<u><u>\$ 191,355</u></u>	<u><u>\$ 1,572,052</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (387,512)	\$ 28,015	\$ 27,496	\$ (332,001)
Adjustments:				
Depreciation.	289,979	52,565	-	342,544
Changes in assets and liabilities:				
Decrease in materials and supplies inventory	200	-	5	205
Decrease (Increase) in accounts receivable.	4,180	(314)	(1,640)	2,226
Decrease in special assessments.	3,256	-	211	3,467
(Increase) in prepayments	(6,691)	(330)	(755)	(7,776)
Increase in accounts payable.	9,479	1	2	9,482
Increase in accrued wages and benefits	1,604	255	197	2,056
Increase (Decrease) in due to other governments.	(676)	112	(100)	(664)
Increase (Decrease) in compensated absences payable. . .	(3,694)	3,684	2,353	2,343
Net cash provided by (used in) operating activities . . .	<u><u>\$ (89,875)</u></u>	<u><u>\$ 83,988</u></u>	<u><u>\$ 27,769</u></u>	<u><u>\$ 21,882</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CARLISLE, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2012

	<u>Agency</u>
Assets:	
Cash in segregated accounts	<u>\$ 5,717</u>
Total assets	<u><u>\$ 5,717</u></u>
Liabilities:	
Undistributed monies	<u>\$ 5,717</u>
Total liabilities.	<u><u>\$ 5,717</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, 2012

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, 2012

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, 2012

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 - 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 X - The SR 123 Reconstruction Phase X 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, 2012

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, 2012

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, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Village, available means expected to be received within sixty days of year end.

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

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

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, 2012, but which were levied to finance year 2013 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, 2012, 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, 2012

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 2012.

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, 2012**

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 2012, 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 2012 amount to \$6,334 which includes \$4,318 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

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net 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, 2012

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, 2012

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, 2012, 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, 2012

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 are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. 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, 2012

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 2012, 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

Change in Accounting Principles

For 2012, the Village has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Village.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Village.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the Village's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

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;

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 2012, \$5,717 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, 2012, the carrying amount of all Village deposits was \$3,170,019. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2012, \$3,025,732 of the Village's bank balance of \$3,275,732 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

VILLAGE OF CARLISLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 2012:

Cash and investments per note

Carrying amount of deposits	\$ 3,170,019
Cash in segregated accounts	<u>5,717</u>
Total	<u>\$ 3,175,736</u>

Cash and investments per statement of net position

Governmental activities	\$ 1,597,967
Business type activities	1,572,052
Agency funds	<u>5,717</u>
Total	<u>\$ 3,175,736</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2012, consisted of the following, as reported on the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>
	<u>General</u>
Carlisle business park	\$ 125,500
	<u>Nonmajor governmental funds</u>
Nonmajor governmental funds	56,000
Total	<u>\$ 181,500</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.

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. 2012 public utility property taxes became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 6 - PROPERTY TAXES - (Continued)

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, 2012 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 2012 operations and the collection of delinquent taxes has been offset by deferred inflows since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflows.

The full tax rate for all Village operations for the year ended December 31, 2012 was \$3.81 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2012 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 69,039,170
Commercial/industrial/mineral	30,380
<u>Public utility</u>	
Personal	89,040
Total assessed value	<u>\$ 69,158,590</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2012, 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, 2012.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 7 - RECEIVABLES - (Continued)

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

Governmental activities:

Income taxes	\$	237,037
Property and other taxes		200,718
Payment in lieu of taxes		174,520
Accounts		19,733
Special assessments		3,056
Due from other governemnts		173,461

Business-type activities:

Accounts		84,568
Special assessments		45,575
Due from other governemnts		957

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

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 2012 was \$907,095 as reported in the fund financial statements.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the governmental activities for the year ended December 31, 2012, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/12</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,306,332	\$ -	\$ (25,000)	\$ 1,281,332
Construction in progress	<u>271,714</u>	<u>1,084,784</u>	<u>-</u>	<u>1,356,498</u>
Total capital assets, not being depreciated	<u>1,578,046</u>	<u>1,084,784</u>	<u>(25,000)</u>	<u>2,637,830</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,258,654	29,062	-	1,287,716
Furniture and equipment	255,189	20,670	-	275,859
Vehicles	590,523	63,837	(7,000)	647,360
Infrastructure	<u>2,275,057</u>	<u>-</u>	<u>-</u>	<u>2,275,057</u>
Total capital assets, being depreciated	<u>4,379,423</u>	<u>113,569</u>	<u>(7,000)</u>	<u>4,485,992</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(555,451)	(25,464)	-	(580,915)
Furniture and equipment	(141,206)	(20,893)	-	(162,099)
Vehicles	(515,396)	(32,500)	7,000	(540,896)
Infrastructure	<u>(403,262)</u>	<u>(91,666)</u>	<u>-</u>	<u>(494,928)</u>
Total accumulated depreciation	<u>(1,615,315)</u>	<u>(170,523)</u>	<u>7,000</u>	<u>(1,778,838)</u>
Total capital assets, being depreciated, net	<u>2,764,108</u>	<u>(56,954)</u>	<u>-</u>	<u>2,707,154</u>
Governmental activities capital assets, net	<u>\$ 4,342,154</u>	<u>\$ 1,027,830</u>	<u>\$ (25,000)</u>	<u>\$ 5,344,984</u>

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

<u>Governmental activities:</u>	
General government	\$ 15,952
Security of persons and property	33,068
Community environment	7,793
Transportation	109,352
Leisure time activity	<u>4,358</u>
Total depreciation expense - governmental activities	<u>\$ 170,523</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities

Capital asset activity for the business-type activities for the year ended December 31, 2012, was as follows:

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/12</u>
<u>Business-type activities:</u>				
<i>Capital assets, being depreciated</i>				
Furniture and equipment	\$ 175,512	\$ 30,945	\$ -	\$ 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>13,270,780</u>	<u>30,945</u>	<u>-</u>	<u>13,301,725</u>
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	(120,477)	(13,469)	-	(133,946)
Vehicles	(170,598)	(6,272)	-	(176,870)
Infrastructure	<u>(8,434,254)</u>	<u>(322,803)</u>	<u>-</u>	<u>(8,757,057)</u>
Total accumulated depreciation	<u>(8,725,329)</u>	<u>(342,544)</u>	<u>-</u>	<u>(9,067,873)</u>
Business-type activities capital assets, net	<u>\$ 4,545,451</u>	<u>\$ (311,599)</u>	<u>\$ -</u>	<u>\$ 4,233,852</u>

Depreciation was charged to departments of the Village as follows:

<u>Business-type activities:</u>	
Sewer	\$ 289,979
Water	<u>52,565</u>
Total depreciation expense - business-type activities	<u>\$ 342,544</u>

NOTE 10 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned, unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of one-half of the 960 hours maximum of accumulated, unused sick leave. As of December 31, 2012, the liability for unpaid compensated absences was \$19,785 for the entire Village.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 11 - LONG-TERM OBLIGATIONS

During 2012, the following changes occurred in the Village's long-term obligations:

<u>Governmental activities:</u>	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>12/31/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/12</u>	<u>Due in</u>
					<u>One Year</u>
<u>General obligation bonds and notes:</u>					
Road Improvements - 4.26%	\$ 280,000	\$ -	\$ (20,000)	\$ 260,000	\$ 20,000
Real Estate Acquisition - 2.25%	265,000	-	(265,000)	-	-
Real Estate Acquisition - 2.00%	-	131,000	-	131,000	131,000
Business Park Improvements - 2.25%	713,700	-	(713,700)	-	-
Business Park Improvements - 2.25%	-	663,700	-	663,700	663,700
Bond Anticipation Notes - 2.50%	795,250	-	(795,250)	-	-
Bond Anticipation Notes - 2.50%	-	780,765	-	780,765	780,765
Road Improvement Note - 1.88%	316,746	-	(316,746)	-	-
Road Improvement Note - 2.50%	-	310,735	-	310,735	310,735
Total general obligation bonds and notes	<u>2,370,696</u>	<u>1,886,200</u>	<u>(2,110,696)</u>	<u>2,146,200</u>	<u>1,906,200</u>
<u>Special assessment bonds:</u>					
Jamaica Road Improvements - 6.00%	20,274	-	(1,538)	18,736	1,631
Union Road Extension - 6.25%	80,000	-	(14,000)	66,000	15,000
Road Improvements - 4.15%	170,000	-	(20,000)	150,000	20,000
Total special assessment bonds	<u>270,274</u>	<u>-</u>	<u>(35,538)</u>	<u>234,736</u>	<u>36,631</u>
<u>Other long-term obligations:</u>					
Compensated absences	13,173	5,915	(6,274)	12,814	6,778
Total other long-term obligations	<u>13,173</u>	<u>5,915</u>	<u>(6,274)</u>	<u>12,814</u>	<u>6,778</u>
Total governmental activities long-term obligations	<u>\$ 2,654,143</u>	<u>\$ 1,892,115</u>	<u>\$ (2,152,508)</u>	<u>\$ 2,393,750</u>	<u>\$ 1,949,609</u>
	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
<u>Business-type activities:</u>	<u>12/31/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/12</u>	<u>Due in</u>
					<u>One Year</u>
<u>Other long-term obligations:</u>					
Compensated absences	\$ 4,628	\$ 5,463	\$ (3,120)	\$ 6,971	\$ 5,620
Total business-type activities long-term obligations	<u>\$ 4,628</u>	<u>\$ 5,463</u>	<u>\$ (3,120)</u>	<u>\$ 6,971</u>	<u>\$ 5,620</u>

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

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

General obligation notes - The real estate acquisition notes were issued for \$131,000 on March 23, 2012, bear an interest rate of 2.00% and mature on March 22, 2013. These notes were used to retire the \$265,000 real estate acquisition notes which matured on March 25, 2012. The business park improvement notes were issued for \$663,700 on December 7, 2012, bear an interest rate of 2.25% and mature on December 6, 2013. These notes were used to retire the \$713,700 business park improvement notes which matured on December 9, 2012. The bond anticipation notes were issued for \$780,765 on May 18, 2012, bear an interest rate of 2.50% and mature on May 18, 2013. These notes were used to retire the \$795,250 bond anticipation notes which matured on May 18, 2012. The road improvement notes were issued for \$310,735 on May 18, 2012, bear an interest rate of 2.50% and mature on May 18, 2013.

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, 2012, the Village's total debt margin was \$5,351,418 and the unvoted debt margin was \$4,044,996.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the Village's bonds outstanding at December 31, 2012 were:

Year Ending December 31,	Jamaica Road Improvements			Union Road Extension		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 1,631	\$ 1,124	\$ 2,755	\$ 15,000	\$ 4,125	\$ 19,125
2014	1,728	1,026	2,754	16,000	3,188	19,188
2015	1,832	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 - 2021	9,545	1,474	11,019	-	-	-
Total	<u>\$ 18,736</u>	<u>\$ 6,065</u>	<u>\$ 24,801</u>	<u>\$ 66,000</u>	<u>\$ 10,626</u>	<u>\$ 76,626</u>

Year Ending December 31,	Eagle Court			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 20,000	\$ 7,850	\$ 27,850	\$ 20,000	\$ 12,100	\$ 32,100
2014	25,000	6,830	31,830	20,000	11,300	31,300
2015	25,000	5,543	30,543	20,000	10,480	30,480
2016	25,000	4,243	29,243	20,000	9,630	29,630
2017	25,000	2,930	27,930	20,000	8,740	28,740
2018 - 2022	30,000	1,605	31,605	130,000	27,276	157,276
2023	-	-	-	30,000	1,530	31,530
Total	<u>\$ 150,000</u>	<u>\$ 29,001</u>	<u>\$ 179,001</u>	<u>\$ 260,000</u>	<u>\$ 81,056</u>	<u>\$ 341,056</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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 2012, 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	\$3,170,101
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	\$899,562
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, 2012

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, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and contribution rates were consistent across all three plans. The 2012 member contribution rates were 10.00% for members. The Village's contribution rate for 2012 was 14.00% of covered payroll.

The Village's contribution rate for pension benefits for members in the Traditional Plan for 2012 was 10.00%. The Village's contribution rate for pension benefits for members in the Combined Plan for 2012 was 7.95%. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$50,656, \$51,687, and \$41,367, respectively; 89.78% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the member-directed plan for 2012 were \$4,228 made by the Village and \$3,020 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the Village is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2012, the portion of the Village's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The Village's required contributions for pension obligations to OP&F for police officers and firefighters was \$31,387 for the year ended December 31, 2012, \$21,211 for the year ended December 31, 2011, and \$33,601 for the year ended December 31, 2010. The full amount has been contributed for 2011 and 2010. 74.30% has been contributed for police for 2012. The remaining 2012 pension liability has been reported as due to other governments on the basic financial statements.

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 14 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2012, 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 2012 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2012 was 6.05%.

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

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$20,267, \$20,726, and \$23,583, respectively; 89.78% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

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

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

VILLAGE OF CARLISLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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 and firefighters was \$16,617 for the year ended December 31, 2012, \$11,229 for the year ended December 31, 2011, and 17,789 for the year ended December 31, 2010. The full amount has been contributed for 2011 and 2010. 74.30% has been contributed for police for 2012. The remaining 2012 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to restricted, committed or assigned fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) 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, 2012

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	\$ 14,669	\$ 42,994	\$ (145,673)	\$ (9,653)
Net adjustment for revenue accruals	(55,359)	-	-	(4,035)
Net adjustment for expenditure accruals	7,900	1,801	-	1,067
Net adjustment for other sources/uses	(4,928)	-	-	-
Adjustment for encumbrances	<u>15,708</u>	<u>-</u>	<u>18,919</u>	<u>-</u>
GAAP basis	<u>\$ (22,010)</u>	<u>\$ 44,795</u>	<u>\$ (126,754)</u>	<u>\$ (12,621)</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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	\$ 6,029	\$ 481	\$ -	\$ -
Prepays	<u>9,358</u>	<u>1,743</u>	<u>-</u>	<u>3,686</u>
Total nonspendable	<u>15,387</u>	<u>2,224</u>	<u>-</u>	<u>3,686</u>
Restricted:				
Capital improvements	-	-	67,984	-
Security of persons and property	-	105,587	-	258,950
Community environment	-	-	-	-
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total restricted	<u>-</u>	<u>105,587</u>	<u>67,984</u>	<u>258,950</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	3,329	-	-	-
Security of persons and property	1,145	-	-	-
Community environment	11,025	-	-	-
Subsequent year appropriation	<u>119,552</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assigned	<u>135,051</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>389,825</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 540,263</u>	<u>\$ 107,811</u>	<u>\$ 67,984</u>	<u>\$ 262,636</u>

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 16 - FUND BALANCE - (Continued)

Fund balance	Carlsile Business Park	SR 123 Reconstruction Phase X	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ -	\$ -	\$ 16,187	\$ 22,697
Prepays	-	-	1,964	16,751
Total nonspendable	-	-	18,151	39,448
Restricted:				
Capital improvements	-	3,946	36,604	108,534
Security of persons and property	-	-	-	364,537
Community environment	60,741	-	-	60,741
Other purposes	-	-	393,387	393,387
Total restricted	60,741	3,946	429,991	927,199
Committed:				
Transportation	-	-	164,310	164,310
Debt service	-	-	10,088	10,088
Capital improvements	-	-	70,390	70,390
Other purposes	-	-	1,680	1,680
Total committed	-	-	246,468	246,468
Assigned:				
General government	-	-	-	3,329
Security of persons and property	-	-	-	1,145
Community environment	-	-	-	11,025
Subsequent year appropriation	-	-	-	119,552
Total assigned	-	-	-	135,051
Unassigned	-	-	-	389,825
Total fund balances	\$ 60,741	\$ 3,946	\$ 694,610	\$ 1,737,991

VILLAGE OF CARLISLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 17 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End</u> <u>Encumbrances</u>
General fund	\$ 15,499
Timber Ridge TIF	18,919
Nonmajor governmental funds	<u>14,431</u>
Total	<u>\$ 48,849</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, 2012.

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 bond anticipation notes on March 22, 2013 in the amount of \$76,000 that mature on March 21, 2014. These bond anticipation notes were used to retire of the bond anticipation notes issued on March 23, 2012. The Village also issued bond anticipation notes on May 17, 2013 in the amount of \$1,059,000 that mature on May 16, 2014. These bond anticipation notes were used to retire of the bond anticipation notes issued on May 18, 2012.

Village of Carlisle, Warren County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2012

<u>Pass-Through Grantor/ Program Title</u>	<u>Grant Number or Description</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U. S. Department of Housing and Urban and Development</u>			
Pass-Through, Montgomery County:			
Community Development Block Grant	B-10-UC-39-0004	14.218	\$ 35,000
Community Development Block Grant	B-11-UC-39-0004	14.218	<u>25,000</u>
Total U.S. Department of Housing and Urban Development			<u>60,000</u>
<u>U. S. Department of Transportation</u>			
Pass-Through, Ohio Department of Transportation:			
Highway Planning and Construction:	PID #84996	20.205	<u>747,711</u>
Total U.S. Department of Transportation			<u>747,711</u>
Total Expenditures of Federal Awards			<u>\$ 807,711</u>

Note: This Schedule of Expenditures of Federal Awards was prepared using the cash basis of accounting.

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

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

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

To the Members of Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Carlisle, Warren County, (the Village) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 26, 2013, wherein we noted the Village implemented GASB Statements No. 63 and 65.

Internal Control Over Financial Reporting

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

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


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

Compliance and Other Matters

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

Purpose of this Report

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



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

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Charles E. Harris & Associates, Inc.
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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Members of the Village Council:

Report on Compliance for Each Major Federal Program

We have audited the Village of Carlisle's, Warren County, (the Village), compliance with the applicable requirements described in U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2012. The summary of auditor's results section in the accompanying schedule of findings identifies the Village's major federal program.

Management's Responsibility

The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program.

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village of Carlisle, complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

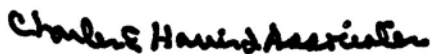
Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**VILLAGE OF CARLISLE
WARREN COUNTY
December 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Program:</i>	CFDA #20.205 Highway Planning and Construction
(d)(1)(viii)	<i>Dollar Threshold: Type AIB Programs</i>	\$300,000
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

VILLAGE OF CARLISLE
WARREN COUNTY, OHIO
SCHEDULE OF FINDINGS
For the Year Ended December 31, 2012

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**VILLAGE OF CARLISLE
WARREN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2012**

The prior report, for the year ending December 31, 2011, reported no material citations or recommendations.



Dave Yost • Auditor of State

VILLAGE OF CARLISLE

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 7, 2013**