



**CITY OF NEW CARLISLE
CLARK COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020**

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OHIO AUDITOR OF STATE
KEITH FABER



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City Council
City of New Carlisle
331 South Church Street
New Carlisle, Ohio 45344

We have reviewed the *Independent Auditor's Report* of the City of New Carlisle, Clark County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

November 30, 2021

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**CITY OF NEW CARLISLE
CLARK COUNTY
DECEMBER 31, 2020**

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CLARK COUNTY
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INDEPENDENT AUDITOR'S REPORT

November 1, 2021

City of New Carlisle
Clark County
331 South Church Street
New Carlisle, Ohio 45344

To the City 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 City of New Carlisle, Clark County, Ohio (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City'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 City'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 City's internal control. Accordingly, we express no such 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.

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Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
Street Construction Fund	Unmodified
Emergency Ambulance Operating Fund	Unmodified
Fire Operating Levy Fund	Unmodified
Police Income Tax Fund	Unmodified
Water Fund	Qualified
Sewer Fund	Qualified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, Major Enterprise Water and Sewer Funds, and Aggregate Remaining Fund Information

Management has not established an adequate method for recording capital assets. Accounting principles generally accepted in the United States of America require that sufficient competent evidential matter support the City's capital asset balances, and support the reported accumulated depreciation and current period depreciation expense in the Governmental Activities, Business-Type Activities, Major Enterprise Water and Sewer Funds, and the Non-Major Enterprise Fund (which is a component of Aggregate Remaining Fund Information). We cannot reasonably determine the amount by which this departure would affect the assets, net position, and expenses of the Governmental Activities, Business-Type Activities, Major Enterprise Water and Sewer Funds, and the Non-Major Enterprise Fund (which is a component of Aggregate Remaining Fund Information).

Qualified Opinions

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, Major Enterprise Water and Sewer Funds, and Aggregate Remaining Fund Information* paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, Business-Type Activities, Major Enterprise Water and Sewer Funds, and Aggregate Remaining Fund Information of the City of New Carlisle, Clark County, Ohio, as of December 31, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General, Street Construction, Emergency Ambulance Operating, Fire Operating Levy, and Police Income Tax Funds of the City of New Carlisle, Clark County, Ohio as of December 31, 2020, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Street Construction, Emergency Ambulance Operating, Fire Operating Levy and Police Income Tax Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding 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* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 City's internal control over financial reporting and compliance.



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

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**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

This discussion and analysis of the City of New Carlisle's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the current year by approximately \$6.8 million (net position), an increase of approximately \$1.2 million from the prior year.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$4.7 million, an increase of \$626,568 from the prior year.
- At year-end, the City's general fund reported a fund balance of approximately \$2.0 million, an increase of \$508,778 in comparison with the prior year.
- At the end of the current year, the unassigned fund balance for the General Fund was \$1.6 million, or greater than 100% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major 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 dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Reporting the City of New Carlisle as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, “How did we do financially during 2020?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the City’s net position and changes in this position. This change in net position is important because it tells the reader whether the financial position of the City, as a whole, has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as the condition of the City’s capital assets will also need to be evaluated. In these two statements, the City is divided into the following two types of activities:

- Governmental Activities – Most of the City’s programs and services are reported here including police, fire and rescue, 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 – The business-type activities of the City primarily consist of water distribution, sewage collection and treatment, and swimming pool.

Reporting the City of New Carlisle’s Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the City’s major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City’s most significant funds. In the case of the City, our major funds are the general, street construction, emergency ambulance operating, fire operating, police income tax, water, and sewer funds.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Governmental Funds

Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

The City maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general, street construction, emergency ambulance operating, fire operating and police income tax which are considered to be the City's major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the general, street construction, emergency ambulance operating, fire operating and police income tax funds to demonstrate compliance with this budget.

Proprietary Funds

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, the proprietary fund statements will essentially match the business-type activities statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City has no fiduciary funds.

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.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

THE CITY OF NEW CARLISLE AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2020 compared to 2019.

TABLE 1

Net Position (Deficit)

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Current and other assets	\$ 6,940,588	\$ 6,307,642	\$ 846,620	\$ 868,345
Capital assets	5,017,726	4,909,162	1,124,873	821,912
Total Assets	<u>11,958,314</u>	<u>11,216,804</u>	<u>1,971,493</u>	<u>1,690,257</u>
Deferred Outflows of Resources	<u>197,635</u>	<u>315,535</u>	<u>164,745</u>	<u>314,188</u>
Current liabilities	84,086	123,705	25,869	45,338
Long-term liabilities	1,247,122	1,269,193	2,638,599	2,873,378
Net pension liability	673,071	925,440	596,874	935,573
Net OPEB liability	465,155	422,289	412,497	427,113
Total Liabilities	<u>2,469,434</u>	<u>2,740,627</u>	<u>3,673,839</u>	<u>4,281,402</u>
Deferred Inflows of Resources	<u>1,067,421</u>	<u>882,747</u>	<u>264,419</u>	<u>38,040</u>
Net Position:				
Net Investment in Capital Assets	3,847,877	3,710,823	(1,453,986)	(2,002,063)
Restricted	3,381,413	3,264,377	-	-
Unrestricted	1,389,804	933,765	(348,034)	(312,934)
Total Net Position (Deficit)	<u>\$ 8,619,094</u>	<u>\$ 7,908,965</u>	<u>\$ (1,802,020)</u>	<u>\$ (2,314,997)</u>

The net pension and net OPEB liabilities and related deferred outflows and inflows of resources all fluctuated significantly in comparison with the prior year. These fluctuations are due to changes in the actuarial liabilities and related accruals that are passed through to the City's financial statements. More detailed information can be found in Notes 11 and 12.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, etc.), net of accumulated depreciation, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$3.4 million of the City's net position represents resources that are subject to external restrictions on how they may be used.

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**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Table 2 shows the changes in net position for the years ended December 31, 2020 and 2019.

**TABLE 2
Change in Net Position (Deficit)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Program Revenues:				
Charges for Services	\$ 784,103	\$ 868,787	\$ 1,905,290	\$ 1,879,933
Operating Grants and Contributions	761,858	426,153	-	-
Capital Grants and Contributions	-	275,546	-	-
General Revenues:				
Property Taxes	941,609	852,658	-	-
Income Taxes	1,634,577	1,764,138	-	-
Unrestricted Grants and Entitlements	81,040	69,777	-	-
Other Unrestricted Revenues	251,636	66,967	29,399	68,614
Total Revenues	<u>4,454,823</u>	<u>4,324,026</u>	<u>1,934,689</u>	<u>1,948,547</u>
Expenses:				
General Government	975,193	1,042,425	-	-
Security of Persons and Property	845,536	728,939	-	-
Leisure-Time Activities	79,922	89,328	-	-
Health	1,053,436	972,789	-	-
Community Environment	90,500	34,671	-	-
Transportation	606,593	467,600	-	-
Interest on Long-Term Debt and Bond Issuance Costs	47,305	52,545	-	-
Water	-	-	668,467	774,521
Sewer	-	-	718,796	811,408
Swimming Pool	-	-	80,658	103,140
Total Expenses	<u>3,698,485</u>	<u>3,388,297</u>	<u>1,467,921</u>	<u>1,689,069</u>
Increase/(Decrease) before Transfers	<u>756,338</u>	<u>935,729</u>	<u>466,768</u>	<u>259,478</u>
Transfers	(46,209)	(40,000)	46,209	40,000
Increase(Decrease) in Net Position	<u>710,129</u>	<u>895,729</u>	<u>512,977</u>	<u>299,478</u>
Net Position (Deficit) at Beginning of Year	<u>7,908,965</u>	<u>7,013,236</u>	<u>(2,314,997)</u>	<u>(2,614,475)</u>
Net Position (Deficit) at End of Year	<u>\$ 8,619,094</u>	<u>\$ 7,908,965</u>	<u>\$ (1,802,020)</u>	<u>\$ (2,314,997)</u>

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Governmental Activities

Capital grants and contributions decreased significantly in comparison with the prior year. This decrease is the result of the City completing the CDBG Galewood Drive Reconstruction Project during the prior year.

Operating Grants, and Contributions increased significantly in comparison with the prior year. This increase is the result of COVID-19 grants received during the year.

Total expenses increased significantly in comparison with the prior year. This increase is primarily the result of COVID-19 related expenses, which were partially offset by Coronavirus Relief funding.

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**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Total versus Net Cost of Services

The Statement of Activities shows the cost of program services and the charges for services and grants and contributions associated with those services. Table 3 below reflects the cost of program services and the net cost of those services after taking into account the program revenues. When applicable, the net cost of program services must be supported by general revenues.

TABLE 3

Functions/Programs	Total Cost		Net Cost	
	2020	2019	2020	2019
Governmental Activities:				
General Government	\$ 975,193	\$ 1,042,425	\$ 924,875	\$ 1,009,332
Security of Persons and Property	845,536	728,939	713,312	565,353
Leisure-Time Activities	79,922	89,328	79,922	89,328
Health	1,053,436	972,789	46,498	304,456
Community Environment	90,500	34,671	90,500	34,671
Transportation	606,593	467,600	250,112	(237,874)
Interest on Long-Term Debt and Bond Issuance Costs	47,305	52,545	47,305	52,545
Total Governmental Activities	\$ 3,698,485	\$ 3,388,297	\$ 2,152,524	\$ 1,817,811
Business-Type Activities:				
Water	\$ 668,467	\$ 774,521	\$ (334,287)	\$ (203,968)
Sewer	718,796	811,408	(118,947)	(4,818)
Swimming Pool	80,658	103,140	15,865	17,922
Total Business-Type Activities	\$ 1,467,921	\$ 1,689,069	\$ (437,369)	\$ (190,864)

The City's reliance upon general tax revenues is demonstrated by Table 2 indicating approximately 57.8% of total governmental revenues from local taxes, as well as the net cost of services column for governmental activities in Table 3 above reflecting the need for support.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

As of the end of the current year, the City's governmental funds reported combined ending fund balances of approximately \$4.7 million, an increase over the previous year of \$626,568.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2020 and 2019.

	Fund Balance	Restated Fund Balance	Increase/ (Decrease)
	12/31/2020	12/31/2019	
General Fund	\$ 1,998,347	\$ 1,489,569	\$ 508,778
Street Construction Fund	305,647	275,673	29,974
Emergency Ambulance Operating Fund	335,943	262,274	73,669
Fire Operating Levy Fund	464,848	361,839	103,009
Police Income Tax Fund	674,747	641,475	33,272
Other Governmental Funds	946,723	1,068,857	(122,134)
Total	\$ 4,726,255	\$ 4,099,687	\$ 626,568

The General Fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was \$1.6 million, while total fund balance was approximately \$2.0 million. The \$508,778 increase represents the amount in which excess revenues (\$624,440) and proceeds of Loans (\$112,000) exceeded operating transfers out to other funds (\$227,662).

The Street Construction Fund accounts for the City's street repair, maintenance and improvement activities. The increase in fund balance represents the amount by which property taxes and intergovernmental revenue exceeded costs of street maintenance and improvement.

The fund balance increase in the Emergency Ambulance Operating Fund represents the amount by which property tax revenues, customer charges, and intergovernmental revenue was greater than costs of providing services during the year.

The fund balance increase in the Fire Operating Levy Fund represents the amount by which property tax and property tax related intergovernmental revenues exceeded the costs of providing services during the year.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

The fund balance increase in the Police Income Tax Fund represents the amount by which income taxes exceeded costs for police operations during the year.

The fund balance decrease in the Other Government Funds is primarily the result of expenditures exceeding revenues and transfers from the General Fund during the year.

Proprietary Funds

At year-end, net position in the Water Fund amounted to approximately negative \$1.2 million. Total Water Fund net position increased \$358,651, or 22.3%, from the previous year. The key components of this increase are an operating income of \$420,992 and debt interest payments totaling \$62,341.

At year-end, net position in the Sewer Fund amounted to negative \$614,234. Total Sewer Fund net position increased \$122,581, or 16.6%, from the previous year. This increase primarily represents operating income of \$130,839 offset by interest expense of \$8,258.

GENERAL FUND BUDGETARY INFORMATION

The City's final revenues estimate was \$330,052, or 24.2%, less than actual revenues due to higher than expected income tax revenues, and other revenues.

The City's final appropriations were \$1.1 million more than actual expenditures.

CAPITAL ASSETS

At year-end, the City's investment in capital assets for governmental and business-type activities totaled approximately \$5.0 million and \$1.1 million (net of accumulated depreciation), respectively. This investment in capital assets includes land, improvements other than buildings, buildings, machinery/equipment, furniture/fixtures, computer equipment, vehicles, and infrastructure.

Total acquisitions (capital outlay) for the current year were \$939,145 and depreciation expense was \$527,620.

Detailed information regarding capital asset activity is included in the Note 8 to the basic financial statements.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

LONG-TERM DEBT

At the end of the current year, the City had total long-term debt outstanding of approximately \$3.7 million. Of this amount, approximately \$1.5 million represents bonds and notes backed by the full faith and credit of the City and \$2.3 million represents OPWC and OWDA loans secured by specified revenue sources.

Detailed information regarding long-term debt is included in Note 10 to the basic financial statements.

ECONOMIC CONDITIONS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, construction-related costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

CONTACTING THE CITY

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact Colleen Harris, Finance Director, 331 South Church Street, New Carlisle, Ohio 45344.

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City of New Carlisle
Clark County, Ohio
Statement of Net Position
December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 3,855,534	\$ 618,331	\$ 4,473,865
Investments	286,173	-	286,173
Taxes Receivable	2,049,096	-	2,049,096
Accounts Receivable	172,118	250,098	422,216
Due from Other Governments	248,553	-	248,553
Special Assessments Receivable	187,763	-	187,763
Internal Balances	57,750	(57,750)	-
Prepaid Items	83,601	35,941	119,542
Non-Depreciable Capital Assets	314,373	252,595	566,968
Depreciable Capital Assets, net	4,703,353	872,278	5,575,631
<i>Total Assets</i>	<u>11,958,314</u>	<u>1,971,493</u>	<u>13,929,807</u>
Deferred Outflows of Resources			
Pension	113,975	98,509	212,484
OPEB	83,660	66,236	149,896
<i>Total Deferred Outflows of Resources</i>	<u>197,635</u>	<u>164,745</u>	<u>362,380</u>
Liabilities			
Accounts Payable	37,148	1,390	38,538
Accrued Wages and Benefits	38,012	17,829	55,841
Intergovernmental Payable	8,926	6,650	15,576
Long-Term Liabilities:			
Due Within One Year	180,357	273,965	454,322
Due In More Than One Year:			
Net Pension Liability	673,071	596,874	1,269,945
Net OPEB Liability	465,155	412,497	877,652
Other Amounts Due in More Than One Year	1,066,765	2,364,634	3,431,399
<i>Total Liabilities</i>	<u>2,469,434</u>	<u>3,673,839</u>	<u>6,143,273</u>
Deferred Inflows of Resources			
Property Taxes	841,655	-	841,655
Pension	154,920	183,102	338,022
OPEB	70,846	81,317	152,163
<i>Total Deferred Inflows of Resources</i>	<u>1,067,421</u>	<u>264,419</u>	<u>1,331,840</u>
Net Position			
Net Investment in Capital Assets	3,847,877	(1,453,986)	2,393,891
Restricted for:			
Debt Service	430,256	-	430,256
Highways and Streets	608,668	-	608,668
Public Safety	1,592,046	-	1,592,046
Public Health	750,443	-	750,443
Unrestricted	1,389,804	(348,034)	1,041,770
<i>Total Net Position</i>	<u>\$ 8,619,094</u>	<u>\$ (1,802,020)</u>	<u>\$ 6,817,074</u>

See accompanying notes to the basic financial statements.

City of New Carlisle
Clark County, Ohio
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest
Governmental Activities			
General Government	\$ 975,193	\$ 50,318	\$ -
Security of Persons and Property	845,536	-	132,224
Health	1,053,436	733,785	273,153
Leisure Time Activities	79,922	-	-
Community Environment	90,500	-	-
Transportation	606,593	-	356,481
Interest and Fiscal Charges	47,305	-	-
<i>Total Governmental Activities</i>	<u>3,698,485</u>	<u>784,103</u>	<u>761,858</u>
Business-Type Activities			
Water	668,467	1,002,754	-
Sewer	718,796	837,743	-
Swimming Pool	80,658	64,793	-
<i>Total Business-Type Activities</i>	<u>1,467,921</u>	<u>1,905,290</u>	<u>-</u>
<i>Total</i>	<u>\$ 5,166,406</u>	<u>\$ 2,689,393</u>	<u>\$ 761,858</u>

General Revenues

Property Taxes Levied for:

- General Purposes
- Debt Service
- Police and Fire
- Health Services
- Street Maintenance and Repair

Income Taxes Levied for:

- General Purposes
- Police and Fire

Unrestricted Grants and Entitlements

Other

Total General Revenues

Transfers

Total General Revenues, and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (924,875)	\$ -	\$ (924,875)
(713,312)	-	(713,312)
(46,498)	-	(46,498)
(79,922)	-	(79,922)
(90,500)	-	(90,500)
(250,112)	-	(250,112)
(47,305)	-	(47,305)
<u>(2,152,524)</u>	<u>-</u>	<u>(2,152,524)</u>
-	334,287	334,287
-	118,947	118,947
-	(15,865)	(15,865)
<u>-</u>	<u>437,369</u>	<u>437,369</u>
<u>(2,152,524)</u>	<u>437,369</u>	<u>(1,715,155)</u>
201,879	-	201,879
6,701	-	6,701
280,272	-	280,272
277,809	-	277,809
174,948	-	174,948
1,087,351	-	1,087,351
547,226	-	547,226
81,040	-	81,040
<u>251,636</u>	<u>29,399</u>	<u>281,035</u>
<u>2,908,862</u>	<u>29,399</u>	<u>2,938,261</u>
(46,209)	46,209	-
<u>2,862,653</u>	<u>75,608</u>	<u>2,938,261</u>
710,129	512,977	1,223,106
<u>7,908,965</u>	<u>(2,314,997)</u>	<u>5,593,968</u>
<u>\$ 8,619,094</u>	<u>\$ (1,802,020)</u>	<u>\$ 6,817,074</u>

See accompanying notes to the basic financial statements.

City of New Carlisle
Clark County, Ohio
Balance Sheet
Governmental Funds
December 31, 2020

	General	Street Construction	Emergency Ambulance Operating	Fire Operating Levy Fund
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,465,361	\$ 235,203	\$ 263,685	\$ 429,864
Investments	211,831	-	-	-
Accounts Receivable	38,098	-	128,510	-
Due from Other Governments	37,512	165,914	5,225	11,700
Taxes Receivable	896,226	151,398	257,106	294,956
Special Assessments Receivable	8,125	-	-	-
Due from Other Funds	28,875	-	-	-
Advances to Other Funds	28,875	-	-	-
Prepaid Items	35,147	9,908	21,820	8,702
<i>Total Assets</i>	<u>\$ 2,750,050</u>	<u>\$ 562,423</u>	<u>\$ 676,346</u>	<u>\$ 745,222</u>
Liabilities				
Accounts Payable	\$ 1,564	\$ -	\$ -	\$ -
Accrued Wages and Benefits	11,415	3,898	18,038	2,004
Due to Other Governments	4,947	1,632	1,380	153
<i>Total Liabilities</i>	<u>17,926</u>	<u>5,530</u>	<u>19,418</u>	<u>2,157</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	142,647	101,946	173,126	198,613
Unavailable Revenue	591,130	149,300	147,859	79,604
<i>Total Deferred Inflows of Resources</i>	<u>733,777</u>	<u>251,246</u>	<u>320,985</u>	<u>278,217</u>
Fund Balances				
Nonspendable	64,022	9,908	21,820	8,702
Restricted	-	295,739	314,123	456,146
Assigned	324,863	-	-	-
Unassigned	1,609,462	-	-	-
<i>Total Fund Balance</i>	<u>1,998,347</u>	<u>305,647</u>	<u>335,943</u>	<u>464,848</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 2,750,050</u>	<u>\$ 562,423</u>	<u>\$ 676,346</u>	<u>\$ 745,222</u>

See accompanying notes to the basic financial statements.

Police Income Tax	Other Governmental Funds	Total Governmental Funds
\$ 616,825	\$ 844,596	\$ 3,855,534
-	74,342	286,173
-	5,510	172,118
-	28,202	248,553
250,248	199,162	2,049,096
-	179,638	187,763
-	-	28,875
-	-	28,875
4,167	3,857	83,601
<u>\$ 871,240</u>	<u>\$ 1,335,307</u>	<u>\$ 6,940,588</u>
\$ 35,584	\$ -	\$ 37,148
-	2,657	38,012
-	814	8,926
<u>35,584</u>	<u>3,471</u>	<u>84,086</u>
-	225,323	841,655
160,909	159,790	1,288,592
<u>160,909</u>	<u>385,113</u>	<u>2,130,247</u>
4,167	139,992	248,611
670,580	806,731	2,543,319
-	-	324,863
-	-	1,609,462
<u>674,747</u>	<u>946,723</u>	<u>4,726,255</u>
<u>\$ 871,240</u>	<u>\$ 1,335,307</u>	<u>\$ 6,940,588</u>

See accompanying notes to the basic financial statements.

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City of New Carlisle
Clark County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2020

Total Governmental Fund Balances		\$ 4,726,255
<i>Amounts reported for governmental activities in 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.		5,017,726
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 255,568	
Income Tax	666,616	
EMS	83,444	
Cemetery	5,410	
Intergovernmental	183,929	
Special Assessment	<u>93,625</u>	1,288,592
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	113,975	
Deferred Outflows - OPEB	83,660	
Net Pension Liability	(673,071)	
Net OPEB Liability	(465,155)	
Deferred Inflows - Pension	(154,920)	
Deferred Inflows - OPEB	<u>(70,846)</u>	(1,166,357)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(1,062,915)	
Loans Payable	(107,425)	
Compensated Absences	<u>(76,782)</u>	<u>(1,247,122)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$ 8,619,094</u></u>

See accompanying notes to the basic financial statements.

City of New Carlisle
Clark County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2020

	General	Street Construction	Emergency Ambulance Operating	Fire Operating Levy Fund
Revenues				
Property Taxes	\$ 159,803	\$ 113,620	\$ 192,869	\$ 221,272
Income Taxes	1,100,070	-	-	-
Other Local Taxes	41,101	-	-	-
Special Assessments	2,977	-	-	-
Charges for Services	-	-	622,937	-
Licenses and Permits	43,450	-	-	-
Fines and Forfeitures	525	-	-	-
Intergovernmental	74,931	319,914	21,231	23,961
Miscellaneous	219,024	18,823	7,725	3,520
<i>Total Revenues</i>	<u>1,641,881</u>	<u>452,357</u>	<u>844,762</u>	<u>248,753</u>
Expenditures				
Current:				
General Government	626,158	-	-	-
Security of Persons and Property	-	-	-	139,147
Public Health	-	-	723,842	-
Leisure Time Activities	57,171	-	-	-
Community Environment	69,899	-	-	-
Transportation	-	422,383	-	-
Capital Outlay	257,390	-	47,251	6,597
Debt Service:				
Principal Retirement	4,575	-	-	-
Interest and Fiscal Charges	2,248	-	-	-
<i>Total Expenditures</i>	<u>1,017,441</u>	<u>422,383</u>	<u>771,093</u>	<u>145,744</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>624,440</u>	<u>29,974</u>	<u>73,669</u>	<u>103,009</u>
Other Financing Sources (Uses)				
Proceeds of Loans	112,000	-	-	-
Transfers In	-	-	-	-
Transfers Out	(227,662)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(115,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	508,778	29,974	73,669	103,009
<i>Fund Balances Beginning of Year, Restated</i>	<u>1,489,569</u>	<u>275,673</u>	<u>262,274</u>	<u>361,839</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,998,347</u>	<u>\$ 305,647</u>	<u>\$ 335,943</u>	<u>\$ 464,848</u>

See accompanying notes to the basic financial statements.

Police Income Tax	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 146,240	\$ 833,804
542,423	-	1,642,493
-	60,427	101,528
-	109,272	112,249
-	72,693	695,630
-	-	43,450
-	-	525
-	295,139	735,176
50	2,494	251,636
<u>542,473</u>	<u>686,265</u>	<u>4,416,491</u>
-	115,940	742,098
497,377	112,206	748,730
-	202,251	926,093
-	2,351	59,522
-	7,541	77,440
-	79,594	501,977
11,824	288,521	611,583
-	135,915	140,490
-	45,533	47,781
<u>509,201</u>	<u>989,852</u>	<u>3,855,714</u>
<u>33,272</u>	<u>(303,587)</u>	<u>560,777</u>
-	-	112,000
-	181,453	181,453
-	-	(227,662)
-	181,453	65,791
33,272	(122,134)	626,568
<u>641,475</u>	<u>1,068,857</u>	<u>4,099,687</u>
<u>\$ 674,747</u>	<u>\$ 946,723</u>	<u>\$ 4,726,255</u>

See accompanying notes to the basic financial statements.

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City of New Carlisle
Clark County, 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, 2020*

Net Change in Fund Balances - Total Governmental Funds	\$	626,568
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 515,496	
Current Year Depreciation	<u>(406,932)</u>	108,564
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	6,277	
Income Tax	(7,916)	
EMS	36,270	
Cemetery	1,885	
Intergovernmental	12,700	
Special Assessment	<u>(10,884)</u>	38,332
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	135,915	
Loans Payable	<u>4,575</u>	140,490
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
Loans Payable	<u>(112,000)</u>	(112,000)
Amortization of bond premium on bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities.		
		476
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		74,587
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(103,365)	
OPEB	<u>(56,628)</u>	(159,993)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(6,895)</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>710,129</u>

See accompanying notes to the basic financial statements.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Property Taxes	\$ 136,845	\$ 162,364	\$ 159,899	\$ (2,465)
Income tax	1,000,000	1,000,000	1,120,257	120,257
Other Local Taxes	55,000	55,000	53,064	(1,936)
Licenses and Permits	27,500	27,500	43,450	15,950
Fines and Forfeitures	5,000	5,000	525	(4,475)
Intergovernmental	49,141	52,244	74,597	22,353
Special Assessments	6,000	6,000	2,977	(3,023)
Other	26,000	27,750	182,266	154,516
Total Revenues	<u>1,305,486</u>	<u>1,335,858</u>	<u>1,637,035</u>	<u>301,177</u>
Expenditures				
General Government	989,450	970,567	671,884	298,683
Leisure-Time Activities	81,600	96,600	59,590	37,010
Public Works	229,540	266,600	74,235	192,365
Capital Outlay	742,000	742,000	147,929	594,071
Debt Service:				
Principal Retirement	-	-	4,575	(4,575)
Interest and Fiscal Charges	-	-	2,248	(2,248)
Total Expenditures	<u>2,042,590</u>	<u>2,075,767</u>	<u>960,461</u>	<u>1,115,306</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(737,104)	(739,909)	676,574	1,416,483
Other Financing Sources/(Uses)				
Advances In	28,875	28,875	57,750	28,875
Transfers Out	(227,662)	(227,662)	(227,662)	-
Total Other Financing Sources/(Uses)	<u>(198,787)</u>	<u>(198,787)</u>	<u>(169,912)</u>	<u>28,875</u>
Net Change in Fund Balance	(935,891)	(938,696)	506,662	1,445,358
Fund Balance at Beginning of Year	1,160,781	1,160,781	1,160,781	-
Fund Balance at End of Year	<u>\$ 224,890</u>	<u>\$ 222,085</u>	<u>\$ 1,667,443</u>	<u>\$ 1,445,358</u>

See accompanying notes to the basic financial statements.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
STREET CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Property Taxes	\$ 114,156	\$ 114,156	\$ 113,600	\$ (556)
Intergovernmental	342,922	342,922	324,053	(18,869)
Other	18,452	18,452	18,823	371
Total Revenues	<u>475,530</u>	<u>475,530</u>	<u>456,476</u>	<u>(19,054)</u>
Expenditures				
Transportation	520,850	520,850	426,741	94,109
Capital Outlay	21,500	21,500	-	21,500
Total Expenditures	<u>542,350</u>	<u>542,350</u>	<u>426,741</u>	<u>115,609</u>
Net Change in Fund Balance	(66,820)	(66,820)	29,735	96,555
Fund Balance at Beginning of Year	205,468	205,468	205,468	-
Fund Balance at End of Year	<u>\$ 138,648</u>	<u>\$ 138,648</u>	<u>\$ 235,203</u>	<u>\$ 96,555</u>

See accompanying notes to the basic financial statements.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
EMERGENCY AMBULANCE OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Property Taxes	\$ 194,008	\$ 194,008	\$ 192,843	\$ (1,165)
Charges for Services	573,999	573,999	614,661	40,662
Intergovernmental	20,668	20,668	21,231	563
Other	-	-	7,725	7,725
Total Revenues	<u>788,675</u>	<u>788,675</u>	<u>836,460</u>	<u>47,785</u>
Expenditures				
Health	829,110	829,110	742,029	87,081
Capital Outlay	74,000	74,000	47,251	26,749
Total Expenditures	<u>903,110</u>	<u>903,110</u>	<u>789,280</u>	<u>113,830</u>
Net Change in Fund Balance	(114,435)	(114,435)	47,180	161,615
Fund Balance at Beginning of Year, as Restated	<u>212,642</u>	<u>212,642</u>	<u>212,642</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 98,207</u>	<u>\$ 98,207</u>	<u>\$ 259,822</u>	<u>\$ 161,615</u>

See accompanying notes to the basic financial statements.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
FIRE OPERATING LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Property Taxes	\$ 222,547	\$ 224,775	\$ 221,242	\$ (3,533)
Intergovernmental	25,156	25,156	23,961	(1,195)
Other	-	-	3,520	3,520
Total Revenues	<u>247,703</u>	<u>249,931</u>	<u>248,723</u>	<u>(1,208)</u>
Expenditures				
Security of Persons and Property	198,160	198,160	128,049	70,111
Capital Outlay	92,500	92,500	6,597	85,903
Total Expenditures	<u>290,660</u>	<u>290,660</u>	<u>134,646</u>	<u>156,014</u>
Net Change in Fund Balance	(42,957)	(40,729)	114,077	154,806
Fund Balance at Beginning of Year, as Restated	315,402	315,402	315,402	-
Fund Balance at End of Year	<u>\$ 272,445</u>	<u>\$ 274,673</u>	<u>\$ 429,479</u>	<u>\$ 154,806</u>

See accompanying notes to the basic financial statements.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
POLICE INCOME TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Income Taxes	\$ 500,000	\$ 500,000	\$ 552,516	\$ 52,516
Other	-	-	50	50
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>552,566</u>	<u>52,566</u>
Expenditures				
Security of Persons and Property	641,410	681,410	495,499	185,911
Capital Outlay	59,500	59,500	13,130	46,370
Total Expenditures	<u>700,910</u>	<u>740,910</u>	<u>508,629</u>	<u>232,281</u>
Net Change in Fund Balance	(200,910)	(240,910)	43,937	284,847
Fund Balance at Beginning of Year	569,118	569,118	569,118	-
Fund Balance at End of Year	<u>\$ 368,208</u>	<u>\$ 328,208</u>	<u>\$ 613,055</u>	<u>\$ 284,847</u>

See accompanying notes to the basic financial statements.

City of New Carlisle
Clark County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2020

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Swimming Pool	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 384,550	\$ 183,012	\$ 50,769	\$ 618,331
Accounts Receivable	124,962	125,136	-	250,098
Prepaid Items	16,288	17,105	2,548	35,941
<i>Total Current Assets</i>	<u>525,800</u>	<u>325,253</u>	<u>53,317</u>	<u>904,370</u>
<i>Non-Current Assets:</i>				
Non-Depreciable Capital Assets	7,073	209,195	36,327	252,595
Depreciable Capital Assets, Net	61,225	769,874	41,179	872,278
<i>Total Non-Current Assets</i>	<u>68,298</u>	<u>979,069</u>	<u>77,506</u>	<u>1,124,873</u>
<i>Total Assets</i>	<u>594,098</u>	<u>1,304,322</u>	<u>130,823</u>	<u>2,029,243</u>
Deferred Outflows of Resources				
Pension	37,541	54,225	6,743	98,509
OPEB	25,416	36,134	4,686	66,236
<i>Total Deferred Outflows of Resources</i>	<u>62,957</u>	<u>90,359</u>	<u>11,429</u>	<u>164,745</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	1,343	47	-	1,390
Accrued Wages and Benefits	8,766	9,063	-	17,829
Due to Other Governments	3,356	3,294	-	6,650
Due to Other Funds	28,875	-	-	28,875
Compensated Absences Payable	9,452	12,377	-	21,829
Loans Payable	105,200	146,936	-	252,136
<i>Total Current Liabilities</i>	<u>156,992</u>	<u>171,717</u>	<u>-</u>	<u>328,709</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable - Net of Current Portion	13,475	24,436	-	37,911
Loans Payable - Net of Current Portion	1,205,894	1,120,829	-	2,326,723
Advances from Other Funds	28,875	-	-	28,875
Net Pension Liability	228,590	330,186	38,098	596,874
Net OPEB Liability	157,977	228,190	26,330	412,497
<i>Total Long-Term Liabilities</i>	<u>1,634,811</u>	<u>1,703,641</u>	<u>64,428</u>	<u>3,402,880</u>
<i>Total Liabilities</i>	<u>1,791,803</u>	<u>1,875,358</u>	<u>64,428</u>	<u>3,731,589</u>
Deferred Inflows of Resources				
Pension	78,536	93,415	11,151	183,102
OPEB	36,091	40,142	5,084	81,317
<i>Total Deferred Inflows of Resources</i>	<u>114,627</u>	<u>133,557</u>	<u>16,235</u>	<u>264,419</u>
Net Position				
Net Investment in Capital Assets	(1,242,796)	(288,696)	77,506	(1,453,986)
Unrestricted	(6,579)	(325,538)	(15,917)	(348,034)
<i>Total Net Position</i>	<u>\$ (1,249,375)</u>	<u>\$ (614,234)</u>	<u>\$ 61,589</u>	<u>\$ (1,802,020)</u>

See accompanying notes to the basic financial statements.

City of New Carlisle
Clark County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise			Total
	Water Fund	Sewer Fund	Nonmajor Swimming Pool	
Operating Revenues				
Charges for Services	\$ 1,002,754	\$ 837,743	\$ 64,793	\$ 1,905,290
Other	22,433	5,565	1,401	29,399
<i>Total Operating Revenues</i>	<u>1,025,187</u>	<u>843,308</u>	<u>66,194</u>	<u>1,934,689</u>
Operating Expenses				
Personal Services	299,056	465,659	40,927	805,642
Contractual Services	128,622	211,526	17,284	357,432
Materials and Supplies	70,569	21,903	18,177	110,649
Depreciation	105,070	12,888	2,730	120,688
Other	878	493	1,540	2,911
<i>Total Operating Expenses</i>	<u>604,195</u>	<u>712,469</u>	<u>80,658</u>	<u>1,397,322</u>
<i>Operating Income (Loss)</i>	<u>420,992</u>	<u>130,839</u>	<u>(14,464)</u>	<u>537,367</u>
Non-Operating Revenues (Expenses)				
Interest and Fiscal Charges	(62,341)	(8,258)	-	(70,599)
<i>Income (Loss) Before Transfer</i>	358,651	122,581	(14,464)	466,768
Transfers In	-	-	46,209	46,209
<i>Change in Net Position</i>	358,651	122,581	31,745	512,977
<i>Net Position Beginning of Year, Restated</i>	<u>(1,608,026)</u>	<u>(736,815)</u>	<u>29,844</u>	<u>(2,314,997)</u>
<i>Net Position End of Year</i>	<u>\$ (1,249,375)</u>	<u>\$ (614,234)</u>	<u>\$ 61,589</u>	<u>\$ (1,802,020)</u>

See accompanying notes to the basic financial statements.

City of New Carlisle
Clark County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Swimming Pool	
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 1,004,563	\$ 812,732	\$ 64,793	\$ 1,882,088
Cash Received from Other Operating Receipts	22,433	5,565	1,401	29,399
Cash Payments to Suppliers for Goods and Services	(199,281)	(237,432)	(36,624)	(473,337)
Cash Payments to Employees for Services and Benefits	(298,508)	(439,527)	(38,185)	(776,220)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>529,207</u>	<u>141,338</u>	<u>(8,615)</u>	<u>661,930</u>
Cash Flows from Noncapital Financing Activities				
Advances Out	(57,750)	-	-	(57,750)
Transfers In	-	-	46,209	46,209
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>(57,750)</u>	<u>-</u>	<u>46,209</u>	<u>(11,541)</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from Loans	-	126,301	-	126,301
Acquisition of Capital Assets	(151,325)	(295,895)	(6,666)	(453,886)
Principal Payments on Debt	(293,938)	(77,479)	-	(371,417)
Interest Payments on Debt	(62,341)	(8,258)	-	(70,599)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(507,604)</u>	<u>(255,331)</u>	<u>(6,666)</u>	<u>(769,601)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(36,147)	(113,993)	30,928	(119,212)
<i>Cash and Cash Equivalents, Beginning of Year, Restated</i>	<u>420,697</u>	<u>297,005</u>	<u>19,841</u>	<u>737,543</u>
<i>Cash and Cash Equivalents, End of Year</i>	<u>\$ 384,550</u>	<u>\$ 183,012</u>	<u>\$ 50,769</u>	<u>\$ 618,331</u>

See accompanying notes to the basic financial statements.

City of New Carlisle
Clark County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds			
	Water Fund	Sewer Fund	Nonmajor Swimming Pool	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$ 420,992	\$ 130,839	\$ (14,464)	\$ 537,367
Adjustments:				
Depreciation	105,070	12,888	2,730	120,688
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	1,809	(25,011)	-	(23,202)
Prepaid Items	(4,667)	(12,245)	377	(16,535)
Deferred Outflows - Pension/OPEB	61,404	76,604	11,435	149,443
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	573	(359)	-	214
Accrued Wages	3,747	2,020	-	5,767
Intergovernmental Payable	2,581	2,206	-	4,787
Compensated Absences Payable	5,583	4,754	-	10,337
Deferred Inflows - Pension/OPEB	93,695	119,659	13,025	226,379
Net Pension Liability	(147,721)	(169,918)	(21,060)	(338,699)
Net OPEB Liability	(13,859)	(99)	(658)	(14,616)
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 529,207</u>	<u>\$ 141,338</u>	<u>\$ (8,615)</u>	<u>\$ 661,930</u>

Noncash Capital Financing Activities:

At the end of 2019, the City had capital-related payables totaling \$30,237.

See accompanying notes to the basic financial statements.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1 – REPORTING ENTITY

The City of New Carlisle (City) is a charter municipal corporation operating under the laws of the State of Ohio. The City was established as a statutory municipal corporation on February 13, 1971 and adopted its charter on November 4, 1980.

The City operates under a Council-Manager form of government. Legislative power is vested in a seven-member council. Each member is elected to a four-year term. The Mayor is elected to a two-year term from among the council's own membership. The Mayor is the ceremonial and representative head of the City but does not exercise administrative authority. The Mayor also serves as presiding officer of the council. The council appoints a City Manager for an indefinite term who acts as the chief administrative officer of the City. All department heads are appointed by the City Manager.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

The primary government consists of all funds and departments which comprise the City's legal entity, which provides various services including emergency ambulance service, fire protection, health services, street maintenance and repairs, parks and recreation, water and sewer services and contracted police protection with the Clark County Sheriff's Department. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. There are no component units included as part of the reporting entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes and certain special assessments are recognized as revenues in the year for which they are levied/assessed. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough after to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Street Construction Fund* accounts for street improvement and construction activities.

The *Emergency Ambulance Operating Fund* accounts for ambulance services provided by the City.

The *Fire Operating Fund* accounts for fire services provided by the City.

The *Police Income Tax Fund* accounts for income taxes of 0.5 percent restricted for police operations and capital related expenditures.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the water department. The water department operates the water distribution system.

The *Sewer Fund* accounts for the activities of the sewer department. The sewer department operates the sewage treatment plant, sewage pumping stations and sewage collection systems.

The City's *Swimming Pool Fund*, which accounts for the activities of the City's swimming pool, is not a major fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, including operating-type special assessments, 2) operating grants and contributions, and 3) capital grants and contributions, including capital-type special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 operations. The principal operating revenues of the enterprise funds are charges to customers for sales or services. Operating expenses for enterprise funds include the cost of sales or services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled, except as specifically stipulated by ordinance. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. The City's pooled cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

During 2020, the City invested in a certificate of deposit and the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2020, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows and outflows of resources. 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. Net position is 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.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life exceeding one year. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated acquisition value of the item at the date of its donation.

Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20
Improvements Other Than Building	5-50
Equipment and Fixtures	5-20
Vehicles	10

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the Statement of Net Position and Balance Sheet report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, special assessments, pension, OPEB, and unavailable revenue. Property taxes and special assessments represent amounts for which is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, grants, and entitlements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

I. Pensions/Other Postemployment Benefits (OPEB)

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

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All accumulated vacation leave and vested accumulated sick leave is recorded as a liability in the government-wide and proprietary fund financial statements. In the governmental funds, accumulated vacation leave and vested accumulated sick leave that is expected to be liquidated with available financial resources are recorded as an expenditure/fund liability of the fund that will pay it.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method and are reflected as an adjustment to interest expense for the period. Bonds payable are reported net of the applicable unamortized bond premium or discount. Net pension/OPEB liability is also included in the long-term obligations and recalculated on an annual basis.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Bond discounts or premiums are (1) shown as additions to, or deletions from, the account of the bond liability, (2) amortized using the straight-line method, and (3) reflected as an adjustment to interest expense for the period in the proprietary fund.

L. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting* became effective for years beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In accordance with this guidance, the City classifies its fund balance based on the purpose for which the resources were received, and the level of constraint placed on the resources. The City may use the following categories:

Non-spendable - resources that are not in a spendable form (prepaids) or have legal or contractual requirements to maintain the balance intact.

Restricted - resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed - resources that can be used only for specific purposes pursuant to constraints imposed by formal action (resolution) of the City's highest level of decision-making authority (City Council).

Assigned - resources that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. This includes the residual balance of all governmental funds other than the General Fund that were not classified elsewhere above.

Unassigned - residual fund balance within the General Fund not classified elsewhere above and all other governmental fund balances which have a negative fund balance.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted fund balance/net position are available. The City considers assigned and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

M. Interfund Transactions

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

During the normal course of operations, the City has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are treated similarly when involving other funds of the City.

N. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. 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 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. The City's legal level of budgetary control is established at the fund level. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal 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 an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during 2020.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund 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 at the legal level of control may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the original and 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 reappropriated as part of the subsequent year appropriations.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements. There was no such activity in the proprietary fund financial statements during 2020. The City received \$0 in capital contributions in the governmental funds during 2020.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items in 2020.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations, and changes in fund balances on the basis of United States 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, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – for the General Fund, and the Street Construction, Emergency Ambulance Operating, Fire Operating Levy and Police Income Tax special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance.

The adjustments necessary to convert the results of operations for the year ended December 31, 2020, on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balances

	General Fund	Street Construction	Emergency Ambulance Operating	Fire Operating	Police Income Tax
GAAP Basis	\$ 508,778	\$ 29,974	\$ 73,669	\$ 103,009	\$ 33,272
Revenue Accruals	(4,846)	4,119	(8,302)	(30)	10,093
Expenditure Accruals	66,728	(4,358)	(14,325)	11,479	4,342
Other Financing Accruals	(54,250)	-	-	-	-
Encumbrances	(9,748)	-	(3,862)	(381)	(3,770)
Budget Basis	\$ 506,662	\$ 29,735	\$ 47,180	\$ 114,077	\$ 43,937

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits the City 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.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days, and two-hundred seventy days, respectively, 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.

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 City and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investment to the Finance Director, or qualified trustee, unless the securities are not represented by a certificate, in which payment may be made upon receipt of confirmation of transfer from the custodian.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits - At year-end, the carrying amount of the City's deposits was \$3,571,629, which includes certificates of deposit totaling \$286,173 and the bank balance was \$3,799,983. Of the bank balance, \$2,180,082 was covered by the Federal Deposit Insurance Corporation (FDIC). The City had uninsured and collateralized deposits of \$1,063,014 with the remaining amount of \$556,887 being uninsured and uncollateralized. The City's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System. Additionally, the City had cash on hand in the amount of \$500.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute. Ohio law requires that deposits either be insured or be protected by:

1. Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments – At year-end, the City's investments were with STAR Ohio totaling \$1,187,909. Deposits in STAR Ohio are reported as part of Cash and Cash Equivalents. Investments reflected on the financial statements represent the \$286,173 held in the certificates of deposit at December 31, 2020. This amount is reflected in the carrying amount of the City's deposits. The City has no deposit policy for custodial risk beyond the requirements of State statute.

The City measures their investment in STAR Ohio as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Interest Rate Risk - The City's investment policy does not address interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation of debt of the City. The City's policy also states that, to the extent possible and prudent, the City will attempt to match its investment maturities with anticipated cash flow requirements. At year-end, the City's investments were not exposed to interest rate risk.

Credit Risk - Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy states that credit risk will be minimized by diversifying assets and ensuring that the minimum credit quality ratings required by Ohio Law exist. The weighted average of maturity of the portfolio held by STAR Ohio as of December 31, 2020, is 56 days and STAR Ohio carries a rating of AAAM by S&P Global Ratings.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 – TAXES RECEIVABLE

Taxes receivable at year-end consisted of property and income taxes as listed below:

	Property Taxes	Income Taxes	Permissive Taxes	Total
General Fund	\$ 211,841	\$ 684,385	\$ -	\$ 896,226
Street Construction	151,398	-	-	151,398
Emergency Ambulance Operating	257,106	-	-	257,106
Fire Operating	294,956	-	-	294,956
Police Income Tax	-	250,248	-	250,248
Other Governmental Funds	194,821	-	4,341	199,162
Totals	<u>\$ 1,110,122</u>	<u>\$ 934,633</u>	<u>\$ 4,341</u>	<u>\$ 2,049,096</u>

NOTE 6 – TAXES

A. Municipal Income Tax - The City levied and collected a 1.0 percent income tax on all income earned within the City as well as on incomes of residents earned outside the City. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. On May 5, 2015, the City passed a new one-half percent police levy which increased the income tax to 1.5 percent effective July 1, 2015. During the year, income tax revenue was allocated at one percent to the General Fund and one-half percent to the Police Income Tax Fund.

B. Property Taxes - Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2020 for real and public utility property taxes represents collections of the 2019 taxes.

The 2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by the State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien on December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The total assessed property tax valuation for tax year 2020, upon which 2021 property tax receipts were based, was \$78,687,830.

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 earlier or later payment dates to be established.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 – TAXES (CONTINUED)

The County Treasurer collects property tax on behalf of all taxing districts in the County, including the City of New Carlisle. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2020 and for which there is an enforceable legal claim. In the General Fund, Street Construction Fund, Emergency Ambulance Operating Fund, Fire Operating Fund and Other Governmental Funds, the portion of the receivable not levied to finance 2020 operations is offset to deferred inflows of resources – property and other local taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 7 – TAX ABATEMENTS

Enterprise Zone

Description – Under the authority of ORC 5709, the City created an Enterprise Zone (EZ) within city limits. Legislation established that the remodeling of existing and construction of new structures within this EZ constituted a public purpose for which real property tax exemptions may be granted. The specific tax being abated is the property tax. These taxes are abated through a reduction in assessed value.

Recipient Commitment – The company is committed to purchasing, remodeling, and/or constructing properties within the EZ that will improve property value and bring jobs to the City.

Provisions for recapturing abated taxes - If the recipient materially fails to fulfill its obligations under the agreement, the agreement may be terminated or modified and may require the repayment of the amount of taxes that would have been payable had the property not been abated from taxation under the agreement. Repayment may be secured through a lien on the abated property in the amount required to be repaid and, in the manner, stated in ORC 5709.631.

The gross dollar amount for the total abated value of the EZ parcels for 2020 was as follows:

Company	Term	Percent	Amount
R.D. Holder Oil Co. Inc.	2013-2023	60	\$ 23,686
Fab Metals, Inc.	2018-2027	70	\$ 2,461

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 – CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2020, was as follows:

Description	Beginning Balance	Additions	Disposals	Ending Balance
<i>Non-depreciated assets:</i>				
Land	\$ 274,373	\$ 40,000	\$ -	\$ 314,373
Total Non-depreciable assets	<u>274,373</u>	<u>40,000</u>	<u>-</u>	<u>314,373</u>
<i>Capital assets, being depreciated:</i>				
Buildings	824,232	127,543	-	951,775
Improvements Other than Buildings	6,481,555	-	-	6,481,555
Equipment and Fixtures	2,126,172	99,180	-	2,225,352
Vehicles	1,807,838	248,773	-	2,056,611
Total Depreciable Capital Assets	<u>11,239,797</u>	<u>475,496</u>	<u>-</u>	<u>11,715,293</u>
<i>Accumulated Depreciation:</i>				
Buildings	677,286	14,171	-	691,457
Improvements Other than Buildings	2,387,929	252,448	-	2,640,377
Equipment and Fixtures	1,809,277	105,662	-	1,914,939
Vehicles	1,730,516	34,651	-	1,765,167
Total Accumulated Depreciation	<u>6,605,008</u>	<u>406,932</u>	<u>-</u>	<u>7,011,940</u>
Depreciable Capital Assets, net	<u>4,634,789</u>	<u>68,564</u>	<u>-</u>	<u>4,703,353</u>
Total Capital Assets, net	<u>\$ 4,909,162</u>	<u>\$ 108,564</u>	<u>\$ -</u>	<u>\$ 5,017,726</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 127,166
Security of Persons and Property	88,924
Leisure-Time Activities	10,897
Public Health	118,672
Community Environment	4,230
Transportation	57,043
Total Depreciation Expense	<u>\$ 406,932</u>

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 – CAPITAL ASSETS (CONTINUED)

Business-type capital asset activity for the year ended December 31, 2020, was as follows:

Description	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Non-depreciated assets:					
Land	\$ 252,595	\$ -	\$ -	\$ -	\$ 252,595
Construction in Process	385,830	270,694	(656,524)	-	-
Total Non-depreciable assets	<u>638,425</u>	<u>270,694</u>	<u>(656,524)</u>	<u>-</u>	<u>252,595</u>
Capital assets, being depreciated:					
Buildings	5,802,395	115,288	636,518	-	6,554,201
Improvements Other than Buildings	9,504,609	-	-	-	9,504,609
Equipment and Fixtures	6,175,452	37,667	20,006	-	6,233,125
Vehicles	419,298	-	-	-	419,298
Total Depreciable Capital Assets	<u>21,901,754</u>	<u>152,955</u>	<u>656,524</u>	<u>-</u>	<u>22,711,233</u>
Less accumulated depreciation:	<u>(21,718,267)</u>	<u>(120,688)</u>	<u>-</u>	<u>-</u>	<u>(21,838,955)</u>
Total Depreciable capital assets, net	<u>183,487</u>	<u>32,267</u>	<u>-</u>	<u>-</u>	<u>872,278</u>
Total Capital Assets, net	<u>\$ 821,912</u>	<u>\$ 302,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,124,873</u>

Depreciation expense was charged to business-type programs as follows:

Water	\$ 105,070
Sewer	12,888
Swimming Pool	2,730
Total	<u>\$ 120,688</u>

NOTE 9 – LEASE ACTIVITY

Operating Lease - The City leases their municipal office space at 331 South Church Street under an operating lease agreement. Total costs for this operating lease were \$11,220 (\$1,870 per month) for the fiscal year. The lease terminated on 30th of June 2020. The City of New Carlisle purchased the property from Upper Valley Medical Center August 1, 2020.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 – LONG-TERM OBLIGATIONS

The City’s long-term debt activity for the year ended December 31, 2020, including amounts outstanding, interest rates, and purpose for which the debt was issued, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Governmental Activities					
2009 Facilities and Equipment Bonds					
4.50%-6.75% maturing 2022	\$ 160,000	\$ -	\$ (50,000)	\$ 110,000	\$ 55,000
Facilities and Equipment					
Bonds Premium	967	-	(476)	491	-
2017A Various Purpose Refunding Bond					
3% maturing 2026	487,079	-	(62,204)	424,875	65,701
2017B Various Purpose Refunding Bond					
3.65% maturing 2035	551,260	-	(23,711)	527,549	28,677
Direct Borrowings:					
City Building Loan 2020 (Variable Interest)		112,000	(4,575)	107,425	9,392
Compensated Absences	69,887	37,830	(30,935)	76,782	21,587
Net Pension Liability	925,440	-	(252,369)	673,071	-
Net OPEB Liability	422,289	42,866	-	465,155	-
Total Governmental Activities	<u>\$ 2,616,922</u>	<u>\$ 192,696</u>	<u>\$ (424,270)</u>	<u>\$ 2,385,348</u>	<u>\$ 180,357</u>

On May 5, 2009, the City issued general obligation bonds totaling \$525,000 to pay off bond anticipation notes issued for facilities and equipment. The bonds have interest rates ranging from 4.5 - 6.75 percent and mature on December 1, 2022. The bonds were sold at a premium of \$12,070 and bond issuance costs totaled \$8,020. The general obligation bonds will be paid from the City’s Bond Retirement Fund.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

On June 24, 2010, the City issued general obligation bonds totaling \$725,000 to pay off bond anticipation notes issued for facilities and equipment. The bonds have interest rates ranging from 3.5 - 5.125 percent and mature on December 1, 2035. The general obligation bonds will be paid from the City's Bond Retirement Fund.

On June 8, 2017, the City issued Series 2017A Various Purpose Refunding bonds totaling \$669,926 to refund the outstanding balance of the Twin Creeks general obligation bonds. The bonds have an interest rate of 3 percent with a final maturity of December 1, 2026. The bonds were sold at a discount of \$10,766 and bond issuance costs totaled \$19,513. The refunding resulted in present value savings of \$59,219. The general obligation bonds will be paid from the City's Bond Retirement Fund. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$68,616.

On June 8, 2017, the City issued Series 2017B Various Purpose Refunding bonds \$624,835 to refund the outstanding balance of the 2010 general obligation bonds. The bonds have an interest rate of 3.65 percent with a final maturity of December 1, 2035. The bonds were sold at a discount of \$16,346 and bond issuance costs totaled \$18,187. The refunding resulted in present value savings of \$32,145. The general obligation bonds will be paid from the City's Bond Retirement Fund. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$47,547.

Direct Borrowing:

On June 30, 2020 the City entered into a loan agreement for \$112,000 with the New Carlisle Federal Savings Bank to purchase a property from the upper Valley Medical Center located at 331 South Church Street, New Carlisle Ohio, 45344. The loan is a variable interest loan, with a payment amount of \$1,137 and a term of 120 months or 10 years, with payments made monthly. The City was previously leasing the property, as discussed in Note 9.

New Carlisle Federal Savings Bank may demand payment at any time at their discretion. For example, New Carlisle Federal Savings bank may demand payment in full if any of the following events occur:

- A. Failure to make a payment in full when due.
- B. Failure to perform any condition or to keep any promise or covenant of this Agreement.
- C. Failure to satisfy or appeal any judgment.
- D. The property is used in a manner or for a purpose that threatens confiscation by a legal authority.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

	Beginning Balance	Prior Period Adjustment	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Business-type Activities							
Water Fund Loans:							
2004 OPWC YMCA							
0% maturing 2025	\$ 39,344	\$ -	\$ 39,344	\$ -	\$ (7,153)	\$ 32,191	\$ 6,878
2005 OWDA WTP Improve.							
2.85% maturing 2026	1,369,855	-	1,369,855	-	(271,143)	1,098,712	92,968
2015 OWDA Automated Meter							
Upgrade 2.66% maturing 2035	391,666	(195,833)	195,833	-	(15,642)	180,191	5,354
Total Water Fund Loans	1,800,865	(195,833)	1,605,032	-	(293,938)	1,311,094	105,200
Sewer Fund Loans:							
2005 OPWC YMCA							
0% maturing 2025	36,318	-	36,318	-	(6,603)	29,715	6,878
2012 OPWC WWTP Improve.							
0% maturing 2040	773,447	-	773,447	-	(32,913)	740,534	32,913
2015 OWDA Automated Meter							
Upgrade 2.66% maturing 2035	-	195,833	195,833	-	(15,642)	180,191	5,354
Total Sewer Fund Loans	809,765	195,833	1,005,598	-	(55,158)	950,440	45,145
Direct Borrowings:							
Commercial Truck Loan							
3.125% maturing 2020	22,321	-	22,321	-	(22,321)	-	-
Pump Loan							
3.125% maturing 2023	190,512	-	190,512	-	-	190,512	61,219
Clarifier Loan							
3.5% maturing 2023	512	-	512	126,301	-	126,813	40,572
Total Sewer Direct Borrowings	213,345	-	213,345	126,301	(22,321)	317,325	101,791
Total Sewer Fund Loans and Direct Borrowings	1,023,110	-	1,218,943	126,301	(77,479)	1,267,765	146,936
Compensated Absences	49,403	-	49,403	34,140	(23,803)	59,740	21,829
Net Pension Liability	935,573	-	935,573	-	(338,699)	596,874	-
Net OPEB Liability	427,113	-	427,113	-	(14,616)	412,497	-
Total Business-type Activities	\$ 4,236,064	\$ -	\$ 4,236,064	\$ 160,441	\$ (748,535)	\$ 3,647,970	\$ 273,965

The Ohio Public Works Commission (OPWC) loans pertain to construction of a 16-inch water main from Smith Park to White Pine Street, the addition of a filter building at the wastewater treatment plant, and the water and sewer line extension to the Tecumseh YMCA. The OPWC loans will be paid from the operating revenues of the Sewer and Water enterprise funds.

**CITY OF NEW CARLISLE, OHIO
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

The Ohio Water Development Authority (OWDA) loans pertain to construction improvements at the wastewater treatment plant, planning of the Sewer Line North project, the Automated Meter Upgrade, and construction of a new water treatment plant. OWDA loans will be paid from the operating revenues of the Sewer and Water enterprise funds.

On August 1, 2016, the City entered into a loan totaling \$108,000 to pay for a commercial truck. The loan has interest of 3.125 percent and matures on September 12, 2020. The loan was paid in full from the Sewer enterprise funds in 2020.

In 2019, the City was approved for two loans up to a maximum of \$250,000 and \$160,000 for the wastewater treatment plant influent building upgrade project and the primary clarifier, respectively. The City finalized these two loans in 2020 in the amounts of \$190,512 and \$126,813, respectively. The loans will be paid from the City’s Sewer Fund and have interest of 3.125 and 3.5 percent, respectively. The loans mature on March 19, 2023.

The City pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds; the General Fund, the Street Construction Fund, the Emergency Ambulance Operating Fund, Other Governmental Funds, and the Water Fund, the Sewer Fund, and the Swimming Pool fund.

In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or direct Clark County to pay the amount of any default from the funds which would otherwise be appropriated to the City from the County’s undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

In the event of default, as defined by each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the County to pay any fines or penalties incurred with interest.

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**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements to maturity are as follows:

Year	Principal	Interest
Governmental Activities:		
2021	\$ 158,770	\$ 43,680
2022	162,257	36,556
2023	110,546	29,323
2024	108,631	25,699
2025	116,663	22,130
2026-2030	305,363	65,074
2031-2035	207,619	23,006
	<u>1,169,849</u>	<u>\$ 245,468</u>
Unamortized Bond Premium	491	
	<u>\$ 1,170,340</u>	
Business-Type Activities:		
2021	\$ 252,136	\$ 31,824
2022	364,448	43,634
2023	374,004	34,077
2024	270,685	24,232
2025	270,197	17,846
2026-2030	505,322	31,520
2031-2035	295,224	8,842
2036-2040	164,563	-
2041-2045	82,280	-
	<u>\$ 2,578,859</u>	<u>\$ 191,975</u>

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* and *net OPEB liability*. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in due to other governments.

The remainder of this note includes the pension disclosures. See Note 12 for the OPEB disclosures.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Plan Description – Ohio Public Employees Retirement System (OPERS)

City employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

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

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

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

	<u>State and Local</u>
2020 Statutory Maximum Contribution Rates	
Employer	14.00%
Employee	10.00%
2020 Actual Contributions Rates	
Employer	
Pension	14.00%
Post-Employment Health Care Benefits	<u>0.00%</u>
Total Employer	<u>14.00%</u>
Employee	<u>10.00%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$140,730 for 2020. Of this amount, \$8,512 is reported a due to other governments.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Period	0.006425%
Prior Measurement Period	0.006795%
Change in Proportion	-0.000370%
Proportionate Share of the Net	
Pension Liability	\$ 1,269,945
Pension Expense	\$ 163,355

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes of Assumptions	\$ 67,829
Changes in Proportionate Share	3,925
City Contributions Subsequent to the Measurement Date	140,730
Total Deferred Outflows of Resources	\$ 212,484
Deferred Inflows of Resources	
Differences between Expected and Actual Experience	\$ 16,056
Net Difference between Projected and Actual Earnings on Pension Plan Investments	253,325
Changes in Proportionate Share	68,641
Total Deferred Inflows of Resources	\$ 338,022

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

\$140,730 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS
2021	\$ (76,952)
2022	(99,220)
2023	10,490
2024	(100,586)
	\$ (266,268)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019 are presented below.

Actuarial Information	Traditional Pension Plan
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 percent to 10.75 percent (including wage inflation)
Investment Rate of Return	
Current Measurement Date	7.20 percent
Prior Measurement Date	7.20 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living	Pre-1/7/2013 Retirees: 3.00 percent Simple
Adjustments	Post-1/7/2013 Retirees: 3.00 percent Simple through 2020, then 2.15 percent Simple

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 the 2.15 percent simple.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolios target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	<u>100.00 %</u>	<u>5.61 %</u>

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.20 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.20 percent) or one-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City’s Proportionate Share of the Net Pension Liability	\$ 2,094,550	\$ 1,269,945	\$ 528,649

NOTE 12 - DEFINED BENEFIT OPEB PLANS

See Note 11 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS Comprehensive Annual Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2020.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Period	0.006354%
Prior Measurement Period	0.006515%
Change in Proportion	-0.000161%
Proportionate Share of the Net	
OPEB Liability	\$ 877,652
OPEB Expense	\$ 85,288

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between Expected and	
Actual Experience	\$ 23
Changes of Assumptions	138,921
Changes in Proportionate Share	10,952
Total Deferred Outflows of Resources	\$ 149,896
Deferred Inflows of Resources	
Differences between Expected and	
Actual Experience	\$ 80,265
Net Difference between Projected and Actual	
Earnings on OPEB Plan Investments	44,690
Changes of Assumptions	-
Changes in Proportionate Share	27,208
Total Deferred Inflows of Resources	\$ 152,163

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

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

Year Ending December 31:	OPERS
2021	\$ 11,358
2022	5,437
2023	36
2024	(19,098)
	\$ (2,267)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Single Discount Rate:	
Current Measurement Date	3.16 percent
Prior Measurement Date	3.96 percent
Investment Rate of Return	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.00 percent
Municipal Bond Rate	
Current Measurement Date	2.75 percent
Prior Measurement Date	3.71 percent
Health Care Cost Trend Rate	
Current Measurement Date	10.50 percent, initial, 3.50 percent ultimate in 2030
Prior Measurement Date	10.00 percent, initial, 3.25 percent ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trusts	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 1,148,549	\$ 877,652	\$ 660,752

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 851,754	\$ 877,652	\$ 903,221

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

NOTE 13 – EMPLOYEE BENEFITS

A. Deferred Compensation Plan

Employees of the City may elect to participate in the ING Life Insurance and Annuity Company deferred compensation plan or the Ohio Public Employees deferred compensation plan. Under these programs, employees elect to defer a portion of their pay. The deferred pay and any income earned on it is not subject to federal and state income taxation until actually received by the employee. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

B. Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation leave on the first pay of the year (or their anniversary for first year employees) and allows the unused balance to be accumulated at levels which depend upon years of service. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at the rate of one and one-fourth days per month and can be accumulated without limit for each employee. Upon termination, 25 percent of accrued sick leave will be paid at the current rate of pay. In the event that an employee dies as the result of injuries sustained on the job, his or her beneficiary will receive all accrued sick leave at 50 percent of current rate of pay.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 14 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the City was a member of the Public Entities Pool of Ohio, a risk sharing pool. The City’s contract with the pool provides that in the event a casualty claim or series of casualty claims exceeds the amount of risk-sharing protection provided by the City’s risk-sharing certificate, or in the event that a series of casualty claims exhausts total net position plus any reinsurance and excess risk-sharing recoveries, then payment of such claims shall be the obligation of the City.

The Pool also provides various property coverages which are common to public entities. The pool’s general and administrative expenses, reinsurance expenses due and payable in current year, current year claims and claims expenses for property risks, plus all or any portion of any deficiencies which may occur in the property Cumulative Reserve Fund and the pool’s obligation to satisfy the requirements of any regulatory authority are funded by member contributions to the pool.

The type of coverage and limit for each is as follows:

Coverage	Limit
Legal Liability	\$ 2,000,000
Automobile Liability	2,000,000
Wrongful Acts	2,000,000
Stop Gap	2,000,000
Real & Personal Property	25,044,016

The Public Entities Pool of Ohio insurance program includes numerous other coverages related to vehicles, miscellaneous property, electronic data processing equipment, dishonesty, earthquake damage, and flood damage. These additional coverages have coverage limits ranging from \$500 to \$500,000 and some cover actual costs.

Settlements have not exceeded coverage in any of the last three years. There has been no significant reduction in coverage from the prior year.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 15 – CONTINGENT LIABILITIES

A. Litigation

The City may be a defendant in several lawsuits, the outcome of which cannot be determined. It is the opinion of the City's Law Director that any judgment against the City would not have a material adverse effect on the City's financial position.

B. Twin Creeks Subdivision

In September 2006, the City certified to the Clark County Auditor special assessments to be placed on the tax duplicate of the 50 improved lots in Phase 1 and the unimproved parcel, known as Phase 2 of the Twin Creeks Development. The assessments were levied in order to meet the City's annual debt service of the Twin Creeks Infrastructure Bonds. The special assessments were certified for a period of 20 years, the first payment being due in February of 2007.

In order to protect the City for non-payment of the assessments, Twin Creeks Subdivision, LLC (the Developer) was required to obtain an irrevocable letter of credit, in the amount of \$240,000, covering a three year period beginning January 1, 2007, naming the City of New Carlisle as beneficiary.

Between January 1, 2006 and December 31, 2009, only the owners of the purchased lots in Phase 1 of the Twin Creeks Development paid their annual assessments, requiring the City to draw from the letter of credit twice annually for the three year period in order to meet the debt service payments of the Twin Creeks Infrastructure bonds.

During 2007, due to unforeseen circumstances, the development of Twin Creeks Subdivision ended and unpaid assessments on the parcels owned by the developer continue to increase annually. Additionally, even though the special assessments of the Twin Creeks Subdivision LLC owned parcels were in fact paid through the periodic draws from the Developer's irrevocable letter of credit, the Clark County Auditor is unable to remove the delinquent special assessments due to the decision and recommendations of the County's legal representative, the Clark County Prosecutor.

During 2013, the City acquired 30 parcels from within the Twin Creeks Development through a land reutilization program. With the acquisition of these 30 parcels, all future assessments were eliminated, and the City's special assessment receivable was decreased accordingly. In accordance with Ohio law, all proceeds generated from the sale, less associated costs, are to be remitted to the Clark County Auditor to be applied to delinquent taxes and assessments. During 2014, the City sold two of the 30 parcels. During 2016, the City sold the remaining parcels. During 2017, the City executed a settlement agreement releasing one of the Twin Creek's parcels from all future charges. This settlement agreement resulted in a significant reduction of the City's special assessment receivable balance. In exchange, the City received a cash settlement totaling \$130,000.

As of December 31, 2020, the special assessment receivable related to the Twin Creeks Subdivision amounted to \$85,500.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 – CONTINGENT LIABILITIES (CONTINUED)

C. Federal and State Grants

During the fiscal year, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 16 – INTERFUND TRANSFERS AND ADVANCES

A schedule of interfund transfers during the fiscal year is as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 227,662
Other Governmental Funds:		
General Bond Retirement Fund	104,637	-
Twin Creeks Infrastructure Bonds Fund	76,816	-
Swimming Pool Fund	46,209	-
	<u>\$ 227,662</u>	<u>\$ 227,662</u>

The City uses interfund transfers to move unrestricted general fund revenues to finance various programs and debt service payments that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

In 2018, the City advanced \$115,500 from the General fund to the Water fund to provide payment for the Tower Maintenance Program. The City Council has established a repayment schedule in which \$28,875 will be repaid by the Water fund in each year of 2019 through 2022. In 2019, the advance repayment was not made. In 2020, the City paid \$57,750 in advance repayments from the Water fund to the General Fund to make up for the missed payment in 2019. Regular payments of \$28,875 will resume in 2021.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 17 – COMPLIANCE AND ACCOUNTABILITY

Accountability - Deficit Fund Balance/Net Position

At December 31, 2020, the following funds had deficit fund balances:

<u>Fund</u>	<u>Deficit</u>
Major Funds	
Water	\$ 1,249,375
Sewer	614,234

The fund deficits in the Water and Sewer funds were caused by applying generally accepted accounting principles. The general fund is responsible for fund deficits, however, transfers are recorded when cash is needed rather than when accruals occur.

NOTE 18 – FUND BALANCE

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

	<u>General Fund</u>	<u>Street Construction</u>	<u>Emergency Ambulance Operating</u>	<u>Police Income Tax</u>	<u>Fire Operating Levy Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable for:							
Prepaid Items	\$ 35,147	\$ 9,908	\$ 21,820	\$ 4,167	\$ 8,702	\$ 3,857	\$ 83,601
Advances	28,875	-	-	-	-	-	28,875
Perpetual Care	-	-	-	-	-	136,135	136,135
Total Nonspendable	<u>64,022</u>	<u>9,908</u>	<u>21,820</u>	<u>4,167</u>	<u>8,702</u>	<u>139,992</u>	<u>248,611</u>
Restricted for:							
Debt Service	-	-	-	-	-	342,686	342,686
Highways & Streets	-	295,739	-	-	-	172,788	468,527
Public Safety	-	-	-	670,580	456,146	190,194	1,316,920
Public Health	-	-	314,123	-	-	101,063	415,186
Total Restricted	<u>-</u>	<u>295,739</u>	<u>314,123</u>	<u>670,580</u>	<u>456,146</u>	<u>806,731</u>	<u>2,543,319</u>
Assigned:							
Subsequent Year Appropriations	324,863	-	-	-	-	-	324,863
Total Assigned	<u>324,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324,863</u>
Unassigned	1,609,462	-	-	-	-	-	1,609,462
Total Fund Balance	<u>\$ 1,998,347</u>	<u>\$ 305,647</u>	<u>\$ 335,943</u>	<u>\$ 674,747</u>	<u>\$ 464,848</u>	<u>\$ 946,723</u>	<u>\$ 4,726,255</u>

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 19 – COVID-19

In March 2020, the United States and the State of Ohio declared a state of emergency due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. In addition, the impact on the City’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2020, the City implemented GASB Statement No. 83, “*Certain Asset Retirement Obligations*” which enhances comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations, including obligations that may not have been previously reported. The implementation of this statements did not have an effect on the financial statements of the City.

For fiscal year 2020, the City implemented GASB Statement No. 88, “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*” which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of this statement did not have a significant effect on the financial statements of the City.

For fiscal year 2020, the City implemented GASB Statement No. 90, “*Majority Equity Interests-an amendment of GASB Statements No. 14, and No. 61*” which improves consistency and comparability of reporting a government’s major equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The implementation of this statement did not have an effect on the financial statements of the City.

For fiscal year 2020, the City implemented GASB Statement No. 84, “*Fiduciary Activities*” which enhances consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The implementation of this statement did not have an effect on the financial statements of the City.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 21 – RESTATEMENT OF NET POSITION

In fiscal year 2020, the City had to restate fund balances in the emergency ambulance capital fund, emergency ambulance operating fund and fire operating levy fund to correct the allocation of 2019 county settlement revenue based on levies. In addition, the City had to restate net position in the water and sewer funds to correct an error in accounting for the shared financing and purchase of capital assets in prior fiscal years.

The correction of these errors had the following effects on fund balance and net position as reported December 31, 2019:

	Emergency Ambulance Operating	Fire Operating Levy Fund	Nonmajor Governmental Funds
Fund Balance, December 31, 2019	\$ 254,358	\$ 212,626	\$ 1,225,986
Adjustments:			
Correction of an error	7,916	149,213	(157,129)
Restated Fund Balance, January 1, 2020	\$ 262,274	\$ 361,839	\$ 1,068,857

	Water Fund	Sewer Fund
Net Position December 31, 2019	\$ (1,822,109)	\$ (522,732)
Adjustments:		
Correction of an error	214,083	(214,083)
Restated Net Position, January 1, 2020	\$ (1,608,026)	\$ (736,815)

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

Last Seven Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability Traditional Plan	0.006425%	0.006795%	0.007092%	0.007135%	0.007415%	0.008128%	0.008128%
City's Proportionate Share of the Net Pension Liability Traditional Plan	\$ 1,269,945	\$ 1,861,013	\$ 1,112,441	\$ 1,620,464	\$ 1,284,372	\$ 980,326	\$ 958,185
City's Covered Payroll	\$ 964,547	\$ 960,457	\$ 936,883	\$ 852,115	\$ 941,542	\$ 999,792	\$ 1,189,946
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	131.66%	193.76%	118.74%	190.17%	136.41%	98.05%	80.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability Traditional Plan	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) This schedule is intended to show information for ten years. Information prior to 2014 is not available.

Amounts presented as of the City's measurement date, which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

Last Eight Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 140,730	\$ 135,036	\$ 134,464	\$ 121,795	\$ 102,254	\$ 112,985	\$ 119,975	\$ 154,693
Contributions in Relation to the Contractually Required Contribution	<u>\$ (140,730)</u>	<u>\$ (135,036)</u>	<u>\$ (134,464)</u>	<u>\$ (121,795)</u>	<u>\$ (102,254)</u>	<u>\$ (112,985)</u>	<u>\$ (119,975)</u>	<u>\$ (154,693)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>							
Covered Payroll	\$ 1,005,214	\$ 964,547	\$ 960,457	\$ 936,883	\$ 852,115	\$ 941,542	\$ 999,792	\$ 1,189,946
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) This schedule is intended to show information for ten years. Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

Last Four Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net OPEB Liability	0.006354%	0.006515%	0.006620%	0.006674%
City's Proportionate Share of the Net OPEB Liability	\$ 877,652	\$ 849,402	\$ 718,775	\$ 674,097
City's Covered Payroll	\$ 964,547	\$ 960,457	\$ 936,883	\$ 852,115
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	90.99%	88.44%	76.72%	79.11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.05%

(1) This schedule is intended to show information for ten years.

Amounts presented as of the City's measurement date, which is the prior fiscal year-end

See accompanying notes to the required supplementary information

**CITY OF NEW CARLISLE, OHIO
CLARK COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

Last Eight Years (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ 9,369	\$ 17,042	\$ 18,831	\$ 19,996	\$ 11,899
Contributions in Relation to the Contractually Required Contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,369)</u>	<u>\$ (17,042)</u>	<u>\$ (18,831)</u>	<u>\$ (19,996)</u>	<u>\$ (11,899)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,005,214	\$ 964,547	\$ 960,457	\$ 936,883	\$ 852,115	\$ 941,542	\$ 999,792	\$ 1,189,946
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

(1) This schedule is intended to show information for ten years. Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

CITY OF NEW CARLISLE, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

NOTE 1 – NET PENSION LIABILITY

Changes in Assumptions – OPERS

For fiscal year 2019, the single discount rate changed from 7.50 percent to 7.20 percent.

Amounts reported in calendar year 2017 reflect an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 8.00 percent to 7.50 percent
- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

Changes in Benefit Terms – OPERS

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 the 2.15 percent simple.

NOTE 2 – NET OPEB LIABILITY

Changes in Assumptions - OPERS

For calendar year 2020, the following changes were made to the actuarial assumptions:

- Discount rate from 3.96 percent to 3.16 percent
- Municipal bond rate from 3.71 percent to 2.75 percent
- Health Care Cost Trend Rate from 10.00 percent to 10.50 percent

For calendar year 2019, the following changes were made to the actuarial assumptions:

- Discount rate from 3.85 percent to 3.96 percent
- Investment rate of return from 6.50 percent to 6.00 percent
- Municipal bond rate from 3.31 percent to 3.71 percent
- Health Care Cost Trend Rate from 7.50 percent to 10.00 percent

For calendar year 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Benefit Terms – OPERS

No significant changes in benefit terms.



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740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

November 1, 2021

City of New Carlisle
Clark County
331 South Church Street
New Carlisle, Ohio 45344

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of New Carlisle, Clark County (the City) as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 1, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. We qualified our opinion on Governmental Activities, Business-Type Activities, Major Enterprise Water and Sewer Funds, and Aggregate Remaining Fund information because management has not established an adequate method of recording capital assets.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City'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 City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Compliance and Other Matters

As part of reasonably assuring whether the City'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 financial statements. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the City's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



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

**CITY OF NEW CARLISLE
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Noncompliance and Material Weakness – Capital Assets

Ohio Admin. Code § 117-2-02 (D) states, in part, all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

The following deficiencies were noted regarding the City's capital asset records:

- City departments responsible for purchasing, maintaining and/or disposing of capital assets were not required to communicate necessary asset data to the Finance Department, including description, location, and identification code(s);
- Newly acquired capital assets were not assigned a unique capital asset number;
- Newly acquired capital assets were not recorded in a timely manner; and
- Detailed records of cost and accumulated depreciation of capital assets were not maintained.

We were unable to determine during audit if the capital assets, net of accumulated depreciation, agreed to actual capital assets on hand, less accumulated depreciation, at December 31, 2020; therefore, we were unable to obtain sufficient appropriate audit evidence to support the \$5,017,726, \$1,124,873, \$68,298, \$979,069, and \$77,506 of capital assets reported in Governmental Activities, Business-Type Activities, Water Fund, Sewer Fund, and Nonmajor Swimming Pool Fund, respectively.

The City should implement policies and procedures to verify that capital asset records are complete and accurate. The capital asset records should be timely updated as assets are acquired and/or are disposed. Further, the City should perform a complete physical inventory to determine the historical cost or estimated historical cost and corresponding accumulated depreciation of each existing capital asset. The results of this physical inventory should be recorded in the City's capital asset management system which would enable the City to determine the value of assets and accumulated depreciation as of December 31, 2020. Failure to maintain required capital asset records could lead to material weaknesses and modified audit opinions in future engagements.

Officials' Response:

We have hired CBIZ to value our capital assets that will be tracked with our financial accounting software and allow for an adjustment of the current, and inaccurate, capital asset value.

**CITY OF NEW CARLISLE
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-002

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs A14 & A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

During 2020, County real estate property tax receipts and special assessment receipts were not properly posted to the accounting system. State homestead and rollback receipts were not posted properly to the accounting system. Not posting revenues accurately resulted in the financial statements requiring reclassifications. The accompanying financial statements reflect all reclassifications.

Furthermore, original and final budget revenues and original expenditures on the statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual were not properly reported and resulted in the financial statements requiring adjustments. The accompanying financial statements reflect all adjustments.

Emergency medical service receipts were not properly posted to the accounting system and were determined to be immaterial and did not require adjustments to properly present the City’s financial activity.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

Officials’ Response:

The Finance Director will ensure that all revenues are posted accurately by following the applicable mandated procedures and by communicating with the Clark County Auditor to ensure the Settlement Sheets the City receives are correct.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Noncompliance and Material Weakness-Capital Assets Ohio Admin. Code 117-2-02(D)(4)(c)	Not Corrected	Repeated as Finding 2020-001
2019-002	Material Weakness- Bank Reconciliations	Corrected	
2019-003	Material Weakness- Transfers	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



CITY OF NEW CARLISLE

CLARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/14/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov