

**BOROUGH OF CARLISLE**

**PENNSYLVANIA**

*"Committed to Excellence In Community Service!"*

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

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**FOR THE YEAR ENDED DECEMBER 31, 2016**

PREPARED BY THE DEPARTMENT OF FINANCE



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Borough of Carlisle  
Pennsylvania**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

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## INTRODUCTORY SECTION



# BOROUGH OF CARLISLE

*"Committed To Excellence in Community Service"*

July 24, 2017

To the Mayor & Council, Residents, and Taxpayers of Carlisle:

The Comprehensive Annual Financial Report (CAFR) for the Borough of Carlisle for the fiscal year ended December 31, 2016 is herewith submitted for your consideration. This report was prepared by the Borough's finance and administration departments and includes the Borough's annual audit report prepared by the accounting firm of Smith Elliott Kearns & Company, LLC, the Borough's independent auditor.

Responsibility for the accuracy, completeness, and fairness of the financial statements, including all disclosures, rests with Borough management. We believe the enclosed information as presented is accurate in all material respects; that its presentation fairly shows the financial position and the results of the Borough's operations as measured by the financial activity of its various funds; and that all necessary disclosures will provide the reader with a sound understanding of the Borough's financial activities.

The organization, form, and content of the CAFR and the accompanying financial statements and statistical tables were prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA). GASB 34 (Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments) requires management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management discussion & analysis (MD&A) section. This letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditor.

## **Financial Reporting Entity**

The CAFR includes all funds utilized by the Borough in its operations to provide a full range of municipal services. These services include administrative and financial services, police and fire protection, sanitation services, maintenance and construction of streets, planning/zoning/code enforcement, water supply and distribution, wastewater collection and treatment, community development, recreational activities and cultural events, and the maintenance of parking facilities.

## **Key Report Sections**

The introductory section includes information about the Borough, its local economy, future outlook, major initiatives and budget control. The financial section includes the MD&A, basic financial statements, notes to the basic financial statements, and required supplementary information. The basic financial statements include the government-wide financial statements reporting all Borough financial operations and fund financial statements that present information for all separate Borough funds. The independent auditor's report on the basic financial statements is also included. The statistical section includes up to ten years of historical financial data and miscellaneous social and economic information that conforms to GASB 44 standards for reporting. This section may be of special interest to holders of and prospective investors in the Borough's bonds, notes, and other debt instruments.

### **Location and Government**

Historic Carlisle is located in the beautiful and highly productive agricultural Cumberland Valley in south-central Pennsylvania. It was established in 1751, incorporated in 1782, and is the county seat of Cumberland County.

Carlisle is 5.5 square miles in area and has a population of 18,945. It sits at the crossroads of I-81 and I-76 (the Pennsylvania Turnpike) making it one of the busiest transportation hubs in the U.S. Additionally, it is 20 miles south of the Harrisburg International Airport and 80 miles northwest of the Baltimore-Washington International Airport.

In May 2015 voters decisively approved a home rule charter making Carlisle one of only 72 Pennsylvania municipalities governed under home rule. The Borough continues to operate under the council/manager form of government. The Borough Manager is the chief administrative officer charged with the management of all municipal departments and responsible to a seven-member Mayor and Borough Council.

### **Economy**

The local economy is diversified and stable. Principal industrial products manufactured or distributed in Carlisle include premium building products, standard and custom cabinets, apparel, and food products. Non-manufacturing segments of Carlisle's economy include professional services, higher education, and government. Several prominent reasons for this stability include, but are not limited to, the location of the following institutions and businesses in or within close proximity to the Borough:

- Dickinson College - Chartered in 1783 and located in the Borough, it is one of the oldest, private, four-year liberal arts colleges in the nation.
- Penn State's Dickinson School of Law - Founded in 1834 and located in the Borough, it is one of the oldest law schools in the nation.
- The U.S. Army War College - Located in the Borough, it is considered a premier advanced training facility for the U.S. Army. It contains some of the most sophisticated computer technology simulation equipment in the armed forces.
- The U.S. Army Heritage and Education Center - Located just outside the Borough, it is the U.S. Army's preeminent museum and research complex.
- Carlisle Events - Located in and around the Borough, it is famous for its car shows put on regularly throughout the spring, summer, and fall drawing thousands of people annually to Carlisle.
- Central Pennsylvania Youth Ballet - Located in the Borough, it is an internationally-renown ballet school and performing company.
- Within a relatively short distance of Carlisle are a number of other institutions of higher learning including Shippensburg University, Messiah College, Central Penn College, Widener School of Law, Harrisburg Area Community College, Penn State University's Capitol Campus, and Penn State University's Milton S. Hershey Medical Center.

### **Outlook**

Given the above and many other readily available examples too numerous to mention here, it must be said that the outlook for Carlisle remains stable and positive.

### **Long-Term Financial Planning**

The Borough is committed to providing value to residents and taxpayers by maintaining quality service levels and offering new programs or services whenever opportunities present themselves and when the Borough's financial position permits. To further this commitment, the Borough periodically evaluates its revenue generating capacity and conducts long-term projections of its finances. In addition, Carlisle develops and maintains a five-year capital improvements program.

As part of sound financial planning, the Borough follows the GFOA recommendation of maintaining strong overall fund balances/net position. The Borough has targets in its major funds as follows: general fund (25%), water fund (25%), sewer fund (50%), solid waste fund (25%), and parking fund (50%).

### **Relevant Financial Policies**

Borough management is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Borough are protected from loss, theft, or misuse and to ensure adequate accounting information is compiled to prepare financial statements in accordance with generally accepted accounting principles. The Borough's internal control structure is designed to provide reasonable (but not absolute) assurance that these objectives are met. Reasonable assurance recognizes the cost of an internal control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by Borough management. Article V of the Home Rule Charter and Chapter 27 of the Code of the Borough of Carlisle provide for fiscal and budgetary control. That budget control requires recurring operating revenues to equal recurring operating expenditures. The Borough Manager may transfer funds within a department, but transfers between departments and funds as well as supplemental appropriations must be approved by Borough Council. Capital expenditures must be funded through designated revenues, debt proceeds, inter-governmental grants, private contributions, or cash reserves.

### **Accomplishments in 2016**

The Borough maintains a comprehensive archive of events in a multi-volume document known as the Greenbook. Arranged by months within a given year, this public document, available to residents, taxpayers, the media, and others, contains a wealth of information including comprehensive Borough Council agendas, meeting minutes, administrative policy briefing summaries on a range of issues coming before Borough Council, a listing of events/meetings, and committee and staff reports.

Some of the issues discussed and approved by Borough Council and more fully described in the 2016 edition of the Greenbook include the following:

- Entered into contracts with Sustainable Strategies DC LLC (S2), Washington, DC, and Keystone Strategic Advocacy (KSA), Harrisburg, PA, to provide grant writing and lobbying services for federal and state funding opportunities respectively.
- Approved contract with United Public Safety, Fort Washington, PA, to provide parking enforcement hardware and software compatible with the Administrative Office of Pennsylvania Courts.
- Awarded \$ 380,000 transportation alternatives program (TAP) grant from PennDOT.
- Approved an engineering services contract with Gannett Fleming, Inc., Harrisburg, PA, to perform a comprehensive evaluation of the water distribution system.
- Recognized as national winner of 2016 Strongest Town contest.
- Approved a \$ 221,075 contract with McCoy Brothers, Inc., Carlisle, PA, for renovations to Heberlig-Palmer Park.
- Awarded a \$ 3,232,450 unit-price contract to HRI, Inc., State College, PA, for the 2016 portion of the sanitary sewer system rehabilitation project.
- Approved a \$ 222,150 construction contract with Doug Lamb Construction, Inc., Elizabethtown, PA, for the 2016 portion of the pedestrian curb ramp rehabilitation project.
- Awarded a \$ 200,000 environmental workforce development and job training grant to partner with the Harrisburg Area Community College and the Employment Skills Center to provide job training and education to persons interested in environmental-related careers.
- Approved a four-year electricity supply agreement with Hudson Energy Services, LLC of Suffern, NY, for the bulk purchase of electricity for borough operations with estimated annual savings in excess of \$ 125,000.
- Refunded \$ 7.1 million in outstanding series 2011 bonds with estimated savings of \$ 461,067.
- Approved \$ 15.3 million tax increment financing plan for the Carlisle Auto Industries, Inc. Project.
- Adopted administrative code required by Home Rule Charter providing for a code of ethics, a purchasing code, and a personnel code.
- Approved a five-year \$ 60.2 million capital improvements program and a balanced \$ 39.1 million operating budget for 2017.

### **Bond Rating Upgrade**

On February 25, 2016, action by Moody's Investors Service to raise Carlisle's bond rating from Aa2 to Aa1 (just one notch below its highest rating of Aaa) was further recognition of Carlisle's continuing sound financial management.

### **Awards and Acknowledgments**

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Carlisle for its 2015 CAFR. Only 27 of the more than 2,500 municipalities in Pennsylvania received this award. In order to be awarded the certificate a government must publish a CAFR that is easily readable and efficiently organized. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for one year only. We believe our 2016 CAFR continues to meet GFOA's requirements and we are submitting it to GFOA to determine its eligibility for the certificate.

GFOA also awarded Carlisle its Distinguished Budget Presentation Award for 2016. The Borough is one of only six municipalities in Pennsylvania to receive both prestigious GFOA awards.

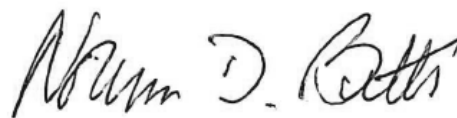
Timely preparation of this CAFR was made possible by the dedicated service of Borough staff. Each member has our sincere appreciation for contributions made in the preparation of this report.

Achieving the goal enunciated in Carlisle's motto "Committed to Excellence in Community Service" is only possible through a total team effort. In that regard, we extend our sincerest appreciation to the Mayor and Council and all employees who strive on a daily basis to attain and maintain excellent results on behalf of the residents and taxpayers of Carlisle.

Sincerely,

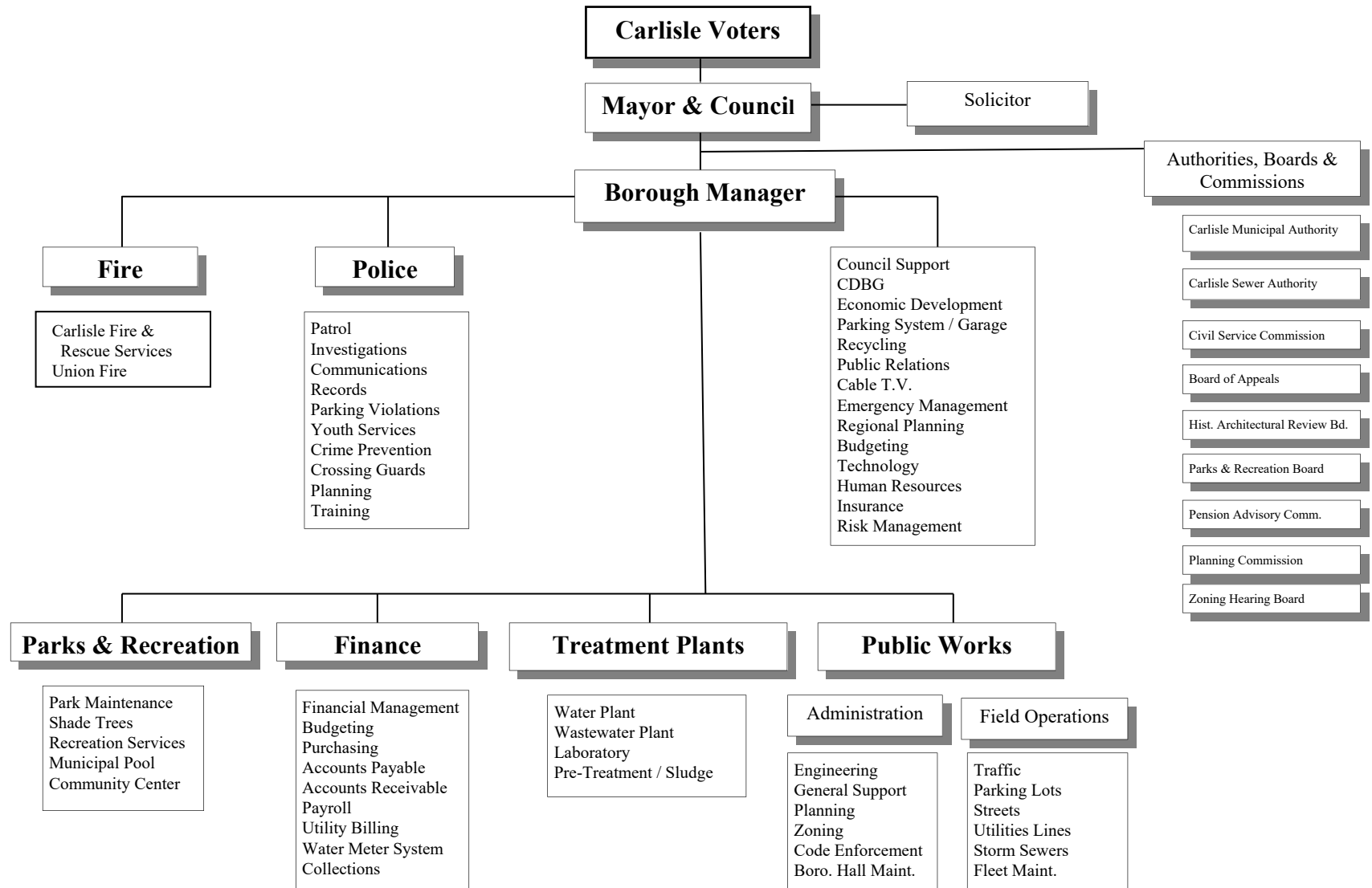


Matthew H. Candland,  
Borough Manager



Norman D. Butts,  
Director of Finance

# Borough of Carlisle



**BOROUGH OF CARLISLE**  
**List of Principal Officials**  
**December 31, 2016**

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**MAYOR & COUNCIL**

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Mayor ..... Timothy A. Scott  
Councilor & Deputy Mayor ..... Sean M. Shultz  
Councilor ..... Perry P. Heath  
Councilor ..... Sean J. Crampsie  
Councilor ..... Robin L. Guido  
Councilor ..... Dawn L. Flower-Webb  
Councilor ..... Connie E. Bires

**ADMINISTRATIVE OFFICIALS**

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Borough Manager ..... Matthew H. Candland  
Assistant Borough Manager ..... Susan D. Armstrong  
Borough Secretary ..... Joyce E. Stone  
Director of Finance ..... Norman D. Butts  
Director of Public Works ..... Mark A. Malarich  
Director of Treatment Plants ..... Peter M. Selan  
Director of Parks & Recreation ..... Andrea C. Crouse  
Interim Police Chief ..... Stephen M. Latshaw  
Fire Chief ..... Jeffrey S. Snyder  
Solicitor ..... Keith O. Brenneman

## **FINANCIAL SECTION**



Smith Elliott Kearns & Company, LLC  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Borough Council  
Borough of Carlisle  
Carlisle, Pennsylvania

### ***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 Borough of Carlisle, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of Carlisle, as of December 31, 2016, 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.

## ***OTHER MATTERS***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the managements' discussion and analysis on pages 4 through 13, the pension plan schedules on pages 63 through 65, the OPEB schedule of funding progress on page 66, and budgetary comparison schedule on page 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Borough of Carlisle's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### ***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2017 on our consideration of Borough of Carlisle's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Borough of Carlisle's internal control over financial reporting and compliance.

Carlisle, Pennsylvania  
July 24, 2017

A handwritten signature in black ink that reads "Smith & Elliott Keams & Company, LLC". The signature is written in a cursive, flowing style.

**BOROUGH OF CARLISLE**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2016**

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This discussion and analysis section provides readers of these financial statements an overview and analysis of the financial performance of the Borough of Carlisle, Pennsylvania for the fiscal year ended December 31, 2016. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal, which can be found on pages I - V of this report.

Management Discussion and Analysis is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in its Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in this section.

**Financial Highlights of 2016**

- Government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 53,014,973 compared to \$ 51,763,442 for the prior year. Total net position increased by \$ 1,251,531 (2.4%) due to additional cash and investments in the business-type activities.
- Total government-wide cash, cash equivalents, and investments increased by \$5,158,012 (31.9%) compared to the prior year.
- The net position of the non-uniformed employees pension plan as a percentage of total pension liability was 92.7%; the net position of the police officers pension plan as a percentage of total pension liability was 94.4%.
- Governmental fund balances increased from the prior year and remained strong at \$ 8,386,481 (68.7% of expenditures) compared to \$ 7,425,053 (66.0% of expenditures) for the prior year.
- The unassigned fund balance for the general fund decreased significantly to \$ 883,381 (7.7% of fund expenditures) compared to \$ 2,230,983 (20.9% of fund expenditures) from the prior year. This change is due primarily to Borough Council action authorizing the advancement of up to \$ 2 million to continue design work for a tax increment financing project. This money will be reimbursed from TIF note proceeds in 2017.
- Assigned and committed general fund balances set aside by Borough Council for future capital, employee benefits, and other post-employment retirement benefits expenses were \$ 4,294,719 (51.2% of total governmental fund balances) compared to \$ 2,985,463 (40.2% of total governmental fund balances) in the prior year.
- Debt service on general obligation debt attributed to non-enterprise capital funding was \$ 630,109, 5.5% of total general fund spending.
- The net position of the water, sewer, parking, and other enterprise funds increased by \$ 992,603 (3.1%) from the prior year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Borough of Carlisle's basic financial statements. The statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**BOROUGH OF CARLISLE**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2016**

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**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Borough's finances in a manner similar to a private-sector business.

The statement of net position presents information on all Borough assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between assets, deferred outflows of resources, and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Borough is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Carlisle Borough that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Borough include general government, public safety, public services, parks and recreation, and conservation and community development. The business-type activities of the Borough include water, sewer, parking, and solid waste and recycling operations.

The government-wide financial statements can be found on pages 14 and 15 of this report.

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

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

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

**BOROUGH OF CARLISLE**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2016**

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Carlisle Borough maintains five 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 balances for the general fund. Data from the other four (4) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Borough adopts an annual budget for its governmental funds. Budgetary comparison statements have been provided as "required supplementary information" for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 16 - 19 of this report.

**Proprietary funds.** Carlisle Borough uses enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The Borough's major enterprise funds include the water, sewer, and parking funds. The solid waste fund is a non-major fund. The municipal authority of the Borough is also included as a blended component unit, non-major fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and parking funds, all of which are considered to be major funds of the Borough.

The basic proprietary fund financial statements can be found starting on page 20 of this report, and include statements of net position; revenue, expenses, and changes in net position; and cash flows.

**Fiduciary funds.** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is divided into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the Borough's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Borough has no investment trust funds.

The Borough maintains pension trust funds for the police and non-uniformed personnel, a private purpose trust fund for a cemetery, and an agency fund, the tax collection fund. Fiduciary fund statements can be found on pages 24 and 25 of this report.

**Notes to the 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. The notes to the financial statements can be found on pages 26 - 62 of this report.

**Supplementary Information.** Additional required supplementary schedules follow the notes to the financial statements on pages 63 - 68 of this report. The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds are presented following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 69 - 84 of this report.

**BOROUGH OF CARLISLE**  
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**December 31, 2016**

**Government-wide Financial Analysis**

As noted earlier, net position may serve as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 53,014,973 at the close of the fiscal year.

The largest portion (62.7%) of the Borough's total net position reflects its investment in capital (non-current) assets (e.g., land, buildings, machinery and equipment). The Borough uses these capital assets to provide services to its residents and taxpayers; consequently, this portion of net position is not available for future spending. Although the Borough'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.

The following table presents a summary of the Borough's net position by type of activity as of December 31, 2016 and 2015.

|                                      | BOROUGH OF CARLISLE     |                          |                      |                         |                          |                      |
|--------------------------------------|-------------------------|--------------------------|----------------------|-------------------------|--------------------------|----------------------|
|                                      | December 31, 2016       |                          |                      | December 31, 2015       |                          |                      |
|                                      | Governmental Activities | Business-type Activities | Total                | Governmental Activities | Business-type Activities | Total                |
| Current and other assets             | \$ 9,899,557            | \$ 16,225,604            | \$ 26,125,161        | \$ 8,586,551            | \$ 11,760,879            | \$ 20,237,911        |
| Capital assets, net                  | 18,096,765              | 38,620,151               | 56,716,916           | 17,453,324              | 37,296,090               | 54,749,414           |
| Total assets                         | <u>\$ 27,996,322</u>    | <u>\$ 54,845,755</u>     | <u>\$ 82,842,077</u> | <u>\$ 26,039,875</u>    | <u>\$ 49,056,969</u>     | <u>\$ 74,987,325</u> |
| Deferred outflows of resources       | <u>\$ 1,128,151</u>     | <u>\$ 313,592</u>        | <u>\$ 1,441,743</u>  | <u>\$ 1,139,266</u>     | <u>\$ 510,107</u>        | <u>\$ 1,649,373</u>  |
| Total deferred outflows of resources | <u>\$ 1,128,151</u>     | <u>\$ 313,592</u>        | <u>\$ 1,441,743</u>  | <u>\$ 1,139,266</u>     | <u>\$ 510,107</u>        | <u>\$ 1,649,373</u>  |
| Long-term liabilities                | \$ 7,623,528            | \$ 18,510,107            | \$ 26,133,635        | \$ 6,373,801            | \$ 15,010,671            | \$ 21,384,472        |
| Other liabilities                    | 1,808,697               | 3,269,116                | 5,077,813            | 1,372,020               | 2,226,283                | 3,488,784            |
| Total liabilities                    | <u>\$ 9,432,225</u>     | <u>\$ 21,779,223</u>     | <u>\$ 31,211,448</u> | <u>\$ 7,745,821</u>     | <u>\$ 17,236,954</u>     | <u>\$ 24,873,256</u> |
| Deferred inflows of resources        | \$ -                    | \$ 57,399                | \$ 57,399            | \$ -                    | \$ -                     | \$ -                 |
| Total deferred inflows of resources  | <u>\$ -</u>             | <u>\$ 57,399</u>         | <u>\$ 57,399</u>     | <u>\$ -</u>             | <u>\$ -</u>              | <u>\$ -</u>          |
| Net position                         |                         |                          |                      |                         |                          |                      |
| Net investment in capital assets     | \$ 13,410,957           | \$ 19,806,889            | \$ 33,217,846        | \$ 12,697,315           | \$ 21,331,813            | \$ 34,029,128        |
| Restricted                           | 2,888,319               | -                        | 2,888,319            | 1,905,409               | -                        | 1,905,409            |
| Unrestricted                         | 3,392,972               | 13,515,836               | 16,908,808           | 4,830,596               | 10,998,309               | 15,828,905           |
| Total net position                   | <u>\$ 19,692,248</u>    | <u>\$ 33,322,725</u>     | <u>\$ 53,014,973</u> | <u>\$ 19,433,320</u>    | <u>\$ 32,330,122</u>     | <u>\$ 51,763,442</u> |

The restricted portion of the Borough's net position (5.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (31.9%) consists of unrestricted net position that may be used to meet the government's ongoing obligations to its residents, taxpayers, and creditors.

At the end of the fiscal year, the Borough is able to report positive balances in net position for both governmental and business-type activities. The same was true for the prior fiscal year.

The Borough's net position increased by \$ 1,251,531 (2.4%) year-over-year due to a significant increase in cash and investments.

**Capital assets.** The Borough's investment in capital assets for its governmental and business-type activities as of December 31, 2016 net of accumulated depreciation was \$ 56,716,916. This investment includes capital assets such as buildings, machinery and equipment, roads, water and sewer lines, highways, and bridges and reflects an increase of \$ 1,967,502 from the prior year, due primarily to water and sewer system construction work in progress.

**BOROUGH OF CARLISLE**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2016**

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The table below summarizes the capital assets of the Borough at December 31, 2016.

|                               | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
|-------------------------------|------------------------------------|-------------------------------------|----------------------|
| Land                          | \$ 1,137,933                       | \$ 504,102                          | \$ 1,642,035         |
| Land improvements             | 7,142,005                          | 4,324,234                           | 11,466,239           |
| Buildings                     | 9,583,884                          | 43,455,372                          | 53,039,256           |
| Machinery and Equipment       | 8,828,232                          | 33,877,483                          | 42,705,715           |
| Infrastructure                | 44,277,831                         | 11,104,718                          | 55,382,549           |
| Construction in progress      | <u>1,897,372</u>                   | <u>4,083,229</u>                    | <u>5,980,601</u>     |
| Total                         | 72,867,257                         | 97,349,138                          | 170,216,395          |
| Less accumulated depreciation | <u>(54,770,492)</u>                | <u>(58,728,987)</u>                 | <u>(113,499,479)</u> |
| Total capital assets          | <u>\$ 18,096,765</u>               | <u>\$ 38,620,151</u>                | <u>\$ 56,716,916</u> |

Additional information on the Borough's capital assets can be found in Note 5 of this report on page 46.

**Long-term debt.** At the end of the fiscal year, the Borough had total debt outstanding of \$ 26,767,886. This debt is backed by the full faith and credit of the Borough. Nearly three-quarters (73.5%) of the Borough's outstanding debt is considered self-supporting and will be repaid from water, sewer, and parking enterprise fund revenue.

**BOROUGH OF CARLISLE - OUTSTANDING DEBT**

|                                    | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
|------------------------------------|------------------------------------|-------------------------------------|----------------------|
| General Obligation Bonds and Notes | \$ 5,596,538                       | \$ 19,407,966                       | \$ 25,004,504        |
| Net OPEB Obligation                | 812,816                            | -                                   | 812,816              |
| Compensated Absences               | <u>679,511</u>                     | <u>271,055</u>                      | <u>950,566</u>       |
| Total Debt                         | <u>\$ 7,088,865</u>                | <u>\$ 19,679,021</u>                | <u>\$ 26,767,886</u> |

In recent years the Borough has begun to address replacement of aging water and sewer lines. This focus has caused an increase in total debt outstanding by \$ 4,367,840 (21.4%) from the prior year.

Additional information on the Borough's long-term debt can be found in Note 6 beginning on page 47 of this report.

**Governmental Activities.** The Borough's net position for governmental activities increased from the prior year by \$ 258,928 (1.3%) from \$ 19,433,320 to \$ 19,692,248. Governmental activities accounted for 20.7% of the overall \$ 1,251,531 change in Borough's net position.

**BOROUGH OF CARLISLE**  
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**Business-type activities.** The Borough's net position for business-type activities increased from the prior year by \$ 992,603 (3.1%) from \$ 32,330,122 to \$ 33,322,725. Business-type activities accounted for 79.3% of the overall change in the Borough's net position.

These changes are presented in the following table together with comparable information from the prior year.

| <b>BOROUGH OF CARLISLE - CHANGES IN NET POSITION</b> |                                |                                 |                      |                                |                                 |                      |
|------------------------------------------------------|--------------------------------|---------------------------------|----------------------|--------------------------------|---------------------------------|----------------------|
|                                                      | <b>December 31, 2016</b>       |                                 |                      | <b>December 31, 2015</b>       |                                 |                      |
|                                                      | <b>Governmental Activities</b> | <b>Business-type Activities</b> | <b>Total</b>         | <b>Governmental Activities</b> | <b>Business-type Activities</b> | <b>Total</b>         |
| Revenues                                             |                                |                                 |                      |                                |                                 |                      |
| Program revenues:                                    |                                |                                 |                      |                                |                                 |                      |
| Charges for services                                 | \$ 1,566,610                   | \$ 11,612,998                   | \$ 13,179,608        | \$ 1,392,615                   | \$ 10,907,169                   | \$ 12,299,784        |
| Operating grants                                     | 1,283,339                      | 35,146                          | 1,318,485            | 1,259,460                      | 39,938                          | 1,299,398            |
| Capital grants and contributions                     | 1,162,135                      | 62,111                          | 1,224,246            | 929,627                        | 241,649                         | 1,171,276            |
| General revenues:                                    |                                |                                 |                      |                                |                                 |                      |
| Property taxes                                       | 4,636,777                      | -                               | 4,636,777            | 4,616,320                      | -                               | 4,616,320            |
| Other taxes                                          | 2,988,767                      | -                               | 2,988,767            | 3,222,385                      | -                               | 3,222,385            |
| Other                                                | 151,098                        | 82,519                          | 233,617              | 122,804                        | 45,432                          | 168,236              |
| Total revenues                                       | <u>11,788,726</u>              | <u>11,792,774</u>               | <u>23,581,500</u>    | <u>11,543,211</u>              | <u>11,234,188</u>               | <u>22,777,399</u>    |
| Expenses                                             |                                |                                 |                      |                                |                                 |                      |
| General Government                                   | 1,303,148                      | -                               | 1,303,148            | 1,232,564                      | -                               | 1,232,564            |
| Public Safety                                        | 6,000,082                      | -                               | 6,000,082            | 5,603,645                      | -                               | 5,603,645            |
| Public Services                                      | 2,648,369                      | -                               | 2,648,369            | 2,240,600                      | -                               | 2,240,600            |
| Parks and Recreation                                 | 1,182,586                      | -                               | 1,182,586            | 1,082,679                      | -                               | 1,082,679            |
| Community Development                                | 243,669                        | -                               | 243,669              | 397,077                        | -                               | 397,077              |
| Interest & amortization expense                      | 151,944                        | -                               | 151,944              | 157,743                        | -                               | 157,743              |
| Water                                                | -                              | 4,091,163                       | 4,091,163            | -                              | 3,866,185                       | 3,866,185            |
| Sewer                                                | -                              | 5,459,634                       | 5,459,634            | -                              | 5,477,005                       | 5,477,005            |
| Parking                                              | -                              | 522,117                         | 522,117              | -                              | 517,686                         | 517,686              |
| Solid Waste                                          | -                              | 727,257                         | 727,257              | -                              | 688,792                         | 688,792              |
| Total expenses                                       | <u>11,529,798</u>              | <u>10,800,171</u>               | <u>22,329,969</u>    | <u>10,714,308</u>              | <u>10,549,668</u>               | <u>21,263,976</u>    |
| Transfers in (transfers out)                         | <u>-</u>                       | <u>-</u>                        | <u>-</u>             | <u>-</u>                       | <u>-</u>                        | <u>-</u>             |
| Changes in net position                              | 258,928                        | 992,603                         | 1,251,531            | 828,183                        | 684,520                         | 1,512,703            |
| Net position - Beginning                             | <u>19,433,320</u>              | <u>32,330,122</u>               | <u>51,763,442</u>    | <u>18,605,137</u>              | <u>31,645,602</u>               | <u>50,250,739</u>    |
| Net position - End of Year                           | <u>\$ 19,692,248</u>           | <u>\$ 33,322,725</u>            | <u>\$ 53,014,973</u> | <u>\$ 19,433,320</u>           | <u>\$ 32,330,122</u>            | <u>\$ 51,763,442</u> |

**Fund Financial Statements**

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

**Fund balances.** At the end of the fiscal year, the Borough's governmental funds reported combined ending fund balances of \$ 8,386,481, an increase of \$ 961,428 (13.0%) compared with the prior year. Of the total fund balance, \$ 315,062 (3.8%) constitutes non-spendable fund balance; \$ 2,888,319 (34.4%) restricted fund balance (slightly more than \$ 1.2 million is state highway aid money which may only be used for street maintenance); \$ 4,294,719 (51.2%) are committed and assigned fund balance set aside by Borough Council primarily for future capital projects; and \$ 888,381 (10.6%) in unassigned fund balance available for spending at the government's discretion.

Total governmental fund balances of \$ 8,386,481 constitute a very healthy 68.7% of governmental funds expenditures.

# **BOROUGH OF CARLISLE**

## **Management's Discussion and Analysis (Unaudited)**

### **December 31, 2016**

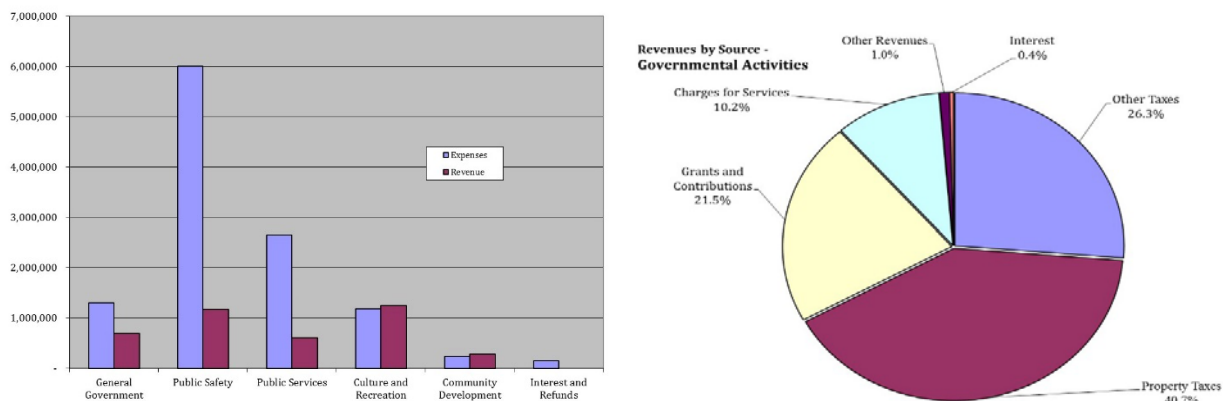
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**General fund.** The general fund is the largest governmental fund and is the Borough's chief operating fund. Actual general fund spending in 2016 was \$ 11,554,278 compared to \$ 10,677,223 in the prior year, an increase of \$ 877,055 (8.2%). Spending for public safety (police, fire, and code enforcement) was the largest general fund expenditure at \$ 5,962,703 (51.6% of total general fund spending), followed by public works (stormwater, highways, and engineering) at \$ 1,610,443 (13.9% of total general fund spending).

Budgeted revenue was just over \$ 13 million while actual revenue was just under \$ 11 million, a difference of \$ 2 million, excluding fund balance and bond proceeds budgeted for capital expenditures. Similarly, budgeted expenditures were just over \$ 16.6 million while actual expenditures were nearly \$ 11.6 million, a difference of \$ 5 million. A significant portion of that amount was budgeted for capital expenditures not purchased or undertaken. Going forward, the Borough will budget capital projects in a capital projects fund; therefore, the general fund will only represent current revenue and current expenditures.

Principal and interest on the Borough's general obligation debt attributed to non-enterprise capital funding was \$ 630,109 (5.5% of total general fund spending)

Unlike enterprise fund activities general fund activities are supported by general tax revenues. In 2016 those tax revenues amounted to \$ 7,620,812 (69.5% of all general fund revenue). The following graph and chart help present a pictorial illustration of the Borough's governmental activities and the related revenue structure for fiscal year 2016.



**Local taxes.** Revenue from property taxes was \$ 4,636,777 exceeding the amount budgeted by \$ 41,048 (.9%). That amount was slightly less than the prior year property tax collections of \$ 4,657,481. Real estate transfer tax revenue at \$ 259,974 was under budget by \$ 48,829. Earned income tax revenue was \$ 198,846 over budget (11.5%) and \$ 104,257 (5.7%) more than the amount collected in the prior year. While the local economy continues to strengthen as evidenced by a declining unemployment rate and the county-wide consolidated collection program continues to bring improvements, the Borough continues to take a conservative approach in budgeting for these taxes.

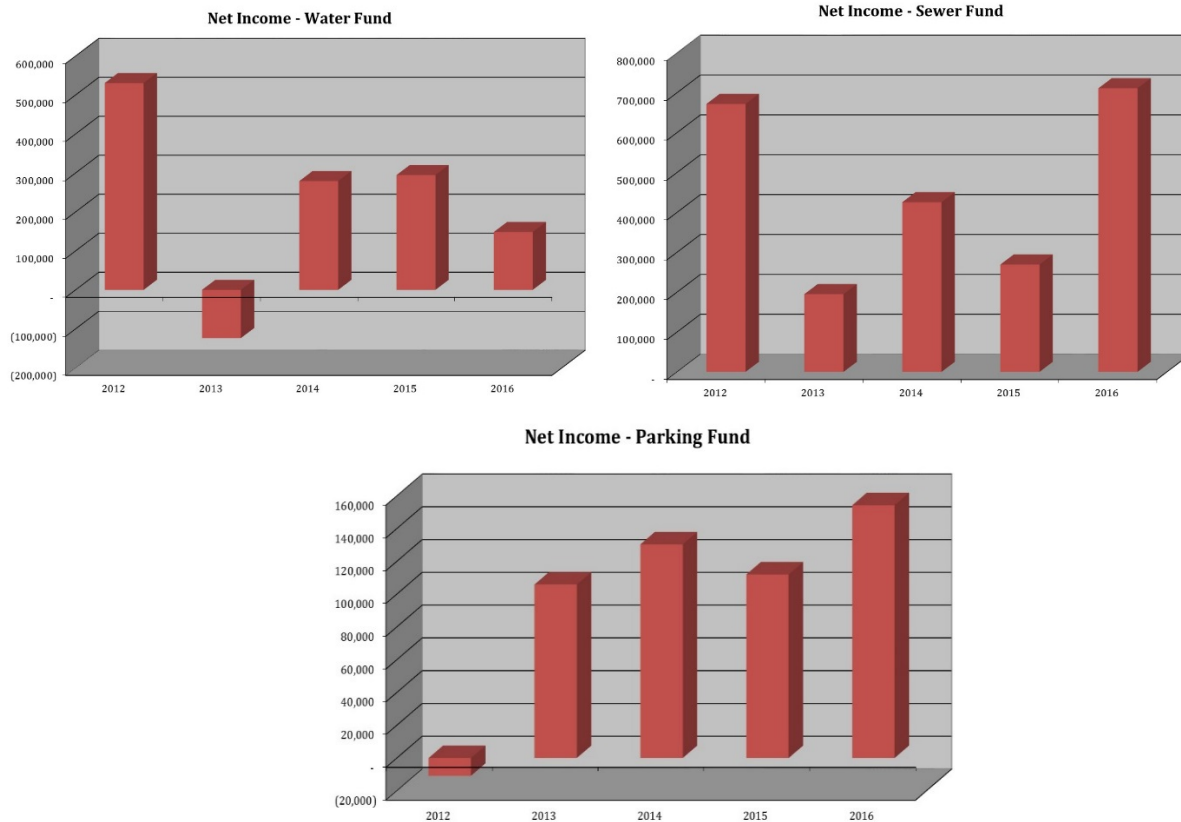
**BOROUGH OF CARLISLE**  
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The following table compares tax revenues in 2016 with those in 2015 and with the budgeted amounts for 2016.

| Tax                     | Actual<br>2015      | Budget<br>2016      | Actual<br>2016      | Actual<br>Variance<br>2016-2015 | Budget<br>Variance<br>2016 |
|-------------------------|---------------------|---------------------|---------------------|---------------------------------|----------------------------|
| Property                | \$ 4,657,481        | \$ 4,595,729        | \$ 4,671,284        | \$ 13,803                       | \$ 75,555                  |
| Real Estate Transfer    | 600,243             | 308,803             | 259,974             | (340,269)                       | (48,829)                   |
| Earned Income           | 1,829,589           | 1,735,000           | 1,908,801           | 79,212                          | 173,801                    |
| LST                     | 666,564             | 585,655             | 694,822             | 28,258                          | 109,167                    |
| Admissions / Amusements | 75,869              | 90,694              | 85,931              | 10,062                          | (4,763)                    |
| Total                   | <u>\$ 7,829,746</u> | <u>\$ 7,315,881</u> | <u>\$ 7,620,812</u> | <u>\$ (208,934)</u>             | <u>\$ 304,931</u>          |

**Proprietary funds.** The Borough's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

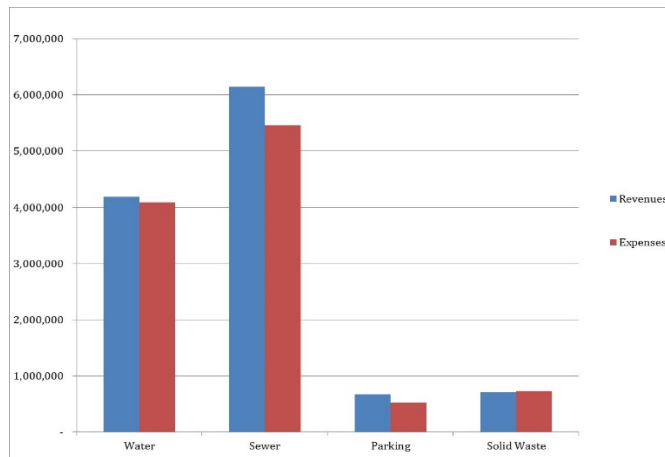
Net position of the water, sewer, parking, and solid waste functions at the end of the year was \$ 33,322,725. For the year the net position of proprietary funds increased by \$ 992,603 (3.1%). All major proprietary funds showed an increase in net position for 2016; the water fund showed an increase in net position of \$ 148,523 (1.5%) for 2016; the sewer fund showed an increase in net position of \$ 711,053 (3.5%); and the parking fund showed an increase in net position of \$ 154,245 (8.5%). Not shown is a negative \$ 21,218 change in net position for the non-major solid waste fund.



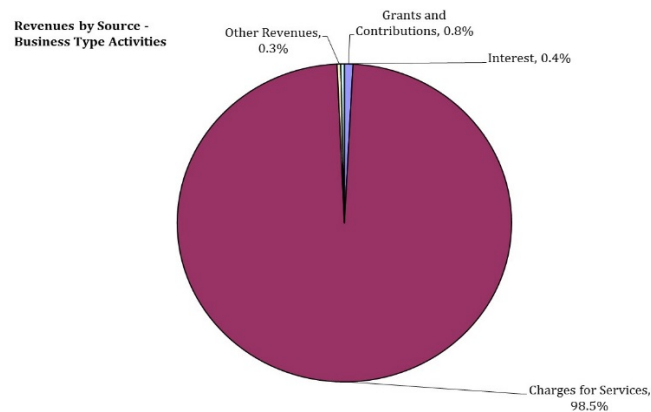
**BOROUGH OF CARLISLE**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2016**

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Total operating revenues for the proprietary funds was \$ 11,519,209 and exceeded total operating expenses of \$ 10,557,068 by \$ 962,141. The following graph shows the relative levels of total revenues and expenses in the four significant enterprise activities for 2016. Only the non-major solid waste fund showed a loss from operations of \$ 61,401.



The following chart clearly demonstrates the definition of enterprise funds as being mainly reliant on user fees or charges as they constitute 98.5% of total operating and non-operating revenues.



### **Economic Factors and Next Year's Budgets and Rates**

As mentioned earlier, the local economy has been relatively stable. Local unemployment rates are lower than state and national rates. The Borough will continue to face the challenges of meeting a balanced budget, particularly in the general fund, as fixed expenditures for core essential services continually increase and local tax revenue is limited either by state law or infrequent real property reassessments. The Borough has also taken on the responsibility for funding numerous major capital projects including the Carlisle Urban Redevelopment Plan as well as significant improvements to our streets and highways and our aging water distribution and sewer collection infrastructure.

**BOROUGH OF CARLISLE**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2016**

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General Fund. Cash reserves have remained relatively stable over the past year. The Borough proceeds conservatively when preparing budgets and making long-term projections. Elected officials and management take into consideration local, state, and national economic and governmental conditions. Over the long-haul revenue growth is expected to remain sluggish. It may be uncertain whether revenue sources will increase much, if at all; however, it is fairly certain many of the Borough's expenditures will steadily increase. Over the next several years, the Borough will work diligently to ameliorate the effects of this trend.

The Water Fund. The water fund remains financially stable but under stress due to the primary concern for the aging infrastructure of the distribution system. Water rates were adjusted six percent in 2015 and three percent in 2016 for the 2016 and 2017 budgets respectively. Based on the recently completed water system evaluation, a 2017 rate increase for the 2018 budget could be six percent or more. Going forward the Borough will continue to budget for necessary capital improvements. In the meantime, cash reserves for the fund remain above 50% of annual operating expenses.

Sewer Fund. Cash reserves are currently above 50% of annual operating expense; however, without substantial annual rate increases, sewer fund revenue may not be able to keep up with anticipated operating and capital costs. Based on a 2014 study a ten-year capital improvement plan was developed. Current estimates suggest it may cost between \$ 30 - \$ 50 million dollars to complete necessary system improvements. The Borough increased sewer rates by six percent in 2015 and four percent in 2016 to prepare this fund for future capital expenses. A 2017 rate increase for the 2018 budget could be six percent or more.

The Parking Fund. The parking fund continues to operate as a self-sustaining enterprise fund. In 2014 parking violations were increased from \$ 5 to \$ 15. Monthly garage lease fees were increased and there have been inflationary increases to most of the Borough's leased parking. The Borough has continued implementing elements of the 2014 parking plan including stepped-up parking garage maintenance and parking lot upgrades. Cash reserves continue to be in excess of 50% of annual operating expenses.

**Requests for Information**

This report is designed to provide a general overview of the finances of the Borough of Carlisle, Pennsylvania for residents, taxpayers, and others with an interest in the Borough's financial operations. Questions concerning any of the information provided in this report or requests for additional information should be directed to Norman D. Butts, Director of Finance, Borough of Carlisle, 53 West South Street, Carlisle, Pennsylvania 17013.

# **BASIC FINANCIAL STATEMENTS**

**BOROUGH OF CARLISLE**  
**Statement of Net Position**  
**December 31, 2016**

|                                                                   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
|-------------------------------------------------------------------|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                                     |                                    |                                     |                      |
| <b>Current assets</b>                                             |                                    |                                     |                      |
| Cash and cash equivalents                                         | \$ 6,920,256                       | \$ 12,957,709                       | \$ 19,877,965        |
| Investments                                                       | 671,249                            | 772,297                             | 1,443,546            |
| Receivables:                                                      |                                    |                                     |                      |
| Taxes receivable, net                                             | 794,368                            | -                                   | 794,368              |
| Accounts receivable - billed                                      | -                                  | 843,320                             | 843,320              |
| Accounts receivable - unbilled                                    | -                                  | 1,201,151                           | 1,201,151            |
| Other                                                             | 996,813                            | 289,515                             | 1,286,328            |
| Internal balances                                                 | 201,809                            | (201,809)                           | -                    |
| Prepaid expenses                                                  | 33,818                             | 6,034                               | 39,852               |
| Inventories                                                       | 81,244                             | 357,387                             | 438,631              |
| Total current assets                                              | <u>9,699,557</u>                   | <u>16,225,604</u>                   | <u>25,925,161</u>    |
| <b>Noncurrent assets</b>                                          |                                    |                                     |                      |
| Loan receivable                                                   | 200,000                            | -                                   | 200,000              |
| Capital assets not being depreciated:                             |                                    |                                     |                      |
| Land                                                              | 1,137,933                          | 504,102                             | 1,642,035            |
| Construction in progress                                          | 1,897,372                          | 4,083,229                           | 5,980,601            |
| Capital assets net of accumulated depreciation:                   |                                    |                                     |                      |
| Buildings and system                                              | 3,908,057                          | 11,293,849                          | 15,201,906           |
| Improvements other than buildings                                 | 4,767,962                          | 2,491,214                           | 7,259,176            |
| Machinery, equipment and furniture                                | 1,720,370                          | 20,247,757                          | 21,968,127           |
| Infrastructure                                                    | 4,665,071                          | -                                   | 4,665,071            |
| Total noncurrent assets                                           | <u>18,296,765</u>                  | <u>38,620,151</u>                   | <u>56,916,916</u>    |
| Total assets                                                      | <u>27,996,322</u>                  | <u>54,845,755</u>                   | <u>82,842,077</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                             |                                    |                                     |                      |
| Deferred outflows related to pension liability                    | 1,030,870                          | 283,098                             | 1,313,968            |
| Deferred charge on bond refunding                                 | 97,281                             | 30,494                              | 127,775              |
| Total deferred outflows of resources                              | <u>1,128,151</u>                   | <u>313,592</u>                      | <u>1,441,743</u>     |
| Total assets and deferred outflows of resources                   | <u>\$ 29,124,473</u>               | <u>\$ 55,159,347</u>                | <u>\$ 84,283,820</u> |
| <b>LIABILITIES</b>                                                |                                    |                                     |                      |
| <b>Current liabilities</b>                                        |                                    |                                     |                      |
| Accounts payable                                                  | \$ 556,070                         | \$ 1,544,348                        | \$ 2,100,418         |
| Deposits                                                          | 317,881                            | 835                                 | 318,716              |
| Accrued wages and withholdings                                    | 77,487                             | 35,231                              | 112,718              |
| Accrued interest expense                                          | 26,883                             | 97,568                              | 124,451              |
| Unearned revenue                                                  | 109,680                            | -                                   | 109,680              |
| Short-term liabilities: Due within one year                       |                                    |                                     |                      |
| Bonds and notes payable                                           | 492,781                            | 1,500,219                           | 1,993,000            |
| Compensated absences                                              | 227,915                            | 90,915                              | 318,830              |
| Total current liabilities                                         | <u>1,808,697</u>                   | <u>3,269,116</u>                    | <u>5,077,813</u>     |
| <b>Noncurrent liabilities</b>                                     |                                    |                                     |                      |
| Long-term liabilities: Due in more than one year                  |                                    |                                     |                      |
| Bonds and notes payable                                           | 5,103,757                          | 17,907,747                          | 23,011,504           |
| Compensated absences                                              | 451,596                            | 180,140                             | 631,736              |
| Net pension obligation                                            | 1,255,359                          | 422,220                             | 1,677,579            |
| Net OPEB obligation                                               | 812,816                            | -                                   | 812,816              |
| Total noncurrent liabilities                                      | <u>7,623,528</u>                   | <u>18,510,107</u>                   | <u>26,133,635</u>    |
| Total liabilities                                                 | <u>9,432,225</u>                   | <u>21,779,223</u>                   | <u>31,211,448</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                              |                                    |                                     |                      |
| Deferred inflows related to pension liability                     | -                                  | 10,500                              | 10,500               |
| Deferred charge on bond refunding                                 | -                                  | 46,899                              | 46,899               |
| Total deferred inflows of resources                               | <u>-</u>                           | <u>57,399</u>                       | <u>57,399</u>        |
| <b>NET POSITION</b>                                               |                                    |                                     |                      |
| Net investment in capital assets                                  | 13,410,957                         | 19,776,395                          | 33,187,352           |
| Restricted                                                        |                                    |                                     |                      |
| Highway improvements                                              | 1,153,481                          | -                                   | 1,153,481            |
| Police activities                                                 | 52,319                             | -                                   | 52,319               |
| Capital projects                                                  | 1,628,070                          | -                                   | 1,628,070            |
| Grants and contributions                                          | 54,449                             | -                                   | 54,449               |
| Unrestricted                                                      | 3,392,972                          | 13,546,330                          | 16,939,302           |
| Total net position                                                | <u>19,692,248</u>                  | <u>33,322,725</u>                   | <u>53,014,973</u>    |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 29,124,473</u>               | <u>\$ 55,159,347</u>                | <u>\$ 84,283,820</u> |

**BOROUGH OF CARLISLE**  
**Statement of Activities**  
**Year Ended December 31, 2016**

| Functions/Programs                                                 | Expenses             | Program Revenue      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                       |
|--------------------------------------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|-----------------------|
|                                                                    |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                       |
|                                                                    |                      |                      |                                    |                                  | Governmental Activities                           | Business-type Activities | Total                 |
| <b>PRIMARY GOVERNMENT</b>                                          |                      |                      |                                    |                                  |                                                   |                          |                       |
| <b>Governmental activities</b>                                     |                      |                      |                                    |                                  |                                                   |                          |                       |
| General government                                                 | \$ 1,303,148         | \$ 530,175           | \$ 167,564                         | \$ -                             | \$ (605,409)                                      | \$ -                     | \$ (605,409)          |
| Public safety                                                      | 6,000,082            | 664,413              | 508,921                            | -                                | (4,826,748)                                       | -                        | (4,826,748)           |
| Public services                                                    | 2,648,369            | 63,094               | 46,364                             | 499,397                          | (2,039,514)                                       | -                        | (2,039,514)           |
| Culture and recreation                                             | 1,182,586            | 308,928              | 276,086                            | 662,738                          | 65,166                                            | -                        | 65,166                |
| Community development                                              | 243,669              | -                    | 284,404                            | -                                | 40,735                                            | -                        | 40,735                |
| Interest and amortization expense                                  | 151,944              | -                    | -                                  | -                                | (151,944)                                         | -                        | (151,944)             |
| Total governmental activities                                      | <u>11,529,798</u>    | <u>1,566,610</u>     | <u>1,283,339</u>                   | <u>1,162,135</u>                 | <u>(7,517,714)</u>                                | <u>-</u>                 | <u>(7,517,714)</u>    |
| <b>Business-type activities</b>                                    |                      |                      |                                    |                                  |                                                   |                          |                       |
| Water *                                                            | 4,091,163            | 4,184,024            | -                                  | -                                | -                                                 | 92,861                   | 92,861                |
| Sewer                                                              | 5,459,634            | 6,087,099            | -                                  | 62,111                           | -                                                 | 689,576                  | 689,576               |
| Parking                                                            | 522,117              | 671,278              | -                                  | -                                | -                                                 | 149,161                  | 149,161               |
| Solid Waste                                                        | <u>727,257</u>       | <u>670,597</u>       | <u>35,146</u>                      | <u>-</u>                         | <u>-</u>                                          | <u>(21,514)</u>          | <u>(21,514)</u>       |
| Total business-type activities                                     | <u>10,800,171</u>    | <u>11,612,998</u>    | <u>35,146</u>                      | <u>62,111</u>                    | <u>-</u>                                          | <u>910,084</u>           | <u>910,084</u>        |
| Total primary government                                           | <u>\$ 22,329,969</u> | <u>\$ 13,179,608</u> | <u>\$ 1,318,485</u>                | <u>\$ 1,224,246</u>              | <u>\$ (7,517,714)</u>                             | <u>\$ 910,084</u>        | <u>\$ (6,607,630)</u> |
| * includes municipal water authority activity, net of eliminations |                      |                      |                                    |                                  |                                                   |                          |                       |
| <b>General revenues and transfers</b>                              |                      |                      |                                    |                                  |                                                   |                          |                       |
| Taxes                                                              |                      |                      |                                    |                                  |                                                   |                          |                       |
| Property taxes, levied for general purposes                        |                      |                      |                                    |                                  | \$ 4,636,777                                      | \$ -                     | \$ 4,636,777          |
| Real estate transfer tax                                           |                      |                      |                                    |                                  | 259,974                                           | -                        | 259,974               |
| Earned income tax                                                  |                      |                      |                                    |                                  | 1,933,846                                         | -                        | 1,933,846             |
| Local services tax                                                 |                      |                      |                                    |                                  | 709,016                                           | -                        | 709,016               |
| Other taxes                                                        |                      |                      |                                    |                                  | 85,931                                            | -                        | 85,931                |
| Unrestricted investment earnings                                   |                      |                      |                                    |                                  | 41,814                                            | 41,331                   | 83,145                |
| Gain on sale of property                                           |                      |                      |                                    |                                  | 78,283                                            | 17,864                   | 96,147                |
| Miscellaneous income                                               |                      |                      |                                    |                                  | 31,001                                            | 23,324                   | 54,325                |
| Total general revenues and transfers                               |                      |                      |                                    |                                  | <u>7,776,642</u>                                  | <u>82,519</u>            | <u>7,859,161</u>      |
| Change in net position                                             |                      |                      |                                    |                                  | 258,928                                           | 992,603                  | 1,251,531             |
| Net position - beginning                                           |                      |                      |                                    |                                  | <u>19,433,320</u>                                 | <u>32,330,122</u>        | <u>51,763,442</u>     |
| Net position - ending                                              |                      |                      |                                    |                                  | <u>\$ 19,692,248</u>                              | <u>\$ 33,322,725</u>     | <u>\$ 53,014,973</u>  |

**BOROUGH OF CARLISLE**  
**Balance Sheet - Governmental Funds**  
**December 31, 2016**

|                                                                       | <b>General Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|-----------------------------------------------------------------------|---------------------|-----------------------------------------|-----------------------------------------|
| <b>ASSETS</b>                                                         |                     |                                         |                                         |
| Cash and cash equivalents                                             | \$ 5,688,906        | \$ 1,231,350                            | \$ 6,920,256                            |
| Investments                                                           | 671,249             | -                                       | 671,249                                 |
| Taxes receivable, net                                                 | 794,368             | -                                       | 794,368                                 |
| Due from other funds                                                  | 392,856             | -                                       | 392,856                                 |
| Other receivables                                                     | 855,319             | 120,809                                 | 976,128                                 |
| Inventories                                                           | 81,244              | -                                       | 81,244                                  |
| Prepaid items                                                         | 33,818              | -                                       | 33,818                                  |
| Loan receivable - long term                                           | 200,000             | -                                       | 200,000                                 |
| Total assets                                                          | <u>\$ 8,717,760</u> | <u>\$ 1,352,159</u>                     | <u>\$ 10,069,919</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b>                                  |                     |                                         |                                         |
| <b>Liabilities</b>                                                    |                     |                                         |                                         |
| Accounts payable                                                      | \$ 533,187          | \$ -                                    | \$ 533,187                              |
| Due to other funds                                                    | 24,003              | 146,359                                 | 170,362                                 |
| Accrued wages, benefits and withholdings                              | 77,487              | -                                       | 77,487                                  |
| Deposits payable                                                      | 340,764             | -                                       | 340,764                                 |
| Unearned revenue                                                      | 109,680             | -                                       | 109,680                                 |
| Total liabilities                                                     | <u>1,085,121</u>    | <u>146,359</u>                          | <u>1,231,480</u>                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                     |                                         |                                         |
| Unavailable tax revenue                                               | <u>451,958</u>      | <u>-</u>                                | <u>451,958</u>                          |
| <b>Fund balances</b>                                                  |                     |                                         |                                         |
| Nonspendable                                                          | 315,062             | -                                       | 315,062                                 |
| Spendable fund balance                                                |                     |                                         |                                         |
| Restricted                                                            | 1,682,519           | 1,205,800                               | 2,888,319                               |
| Committed                                                             | 3,865,506           | -                                       | 3,865,506                               |
| Assigned                                                              | 429,213             | -                                       | 429,213                                 |
| Unassigned                                                            | 888,381             | -                                       | 888,381                                 |
| Total fund balances                                                   | <u>7,180,681</u>    | <u>1,205,800</u>                        | <u>8,386,481</u>                        |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 8,717,760</u> | <u>\$ 1,352,159</u>                     | <u>\$ 10,069,919</u>                    |

**BOROUGH OF CARLISLE****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
December 31, 2016**

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**Total fund balance - governmental funds** \$ 8,386,481

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.

|                          |                     |            |
|--------------------------|---------------------|------------|
| Property and equipment   | 72,867,257          |            |
| Accumulated depreciation | <u>(54,770,492)</u> |            |
|                          |                     | 18,096,765 |

Taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore are not recorded in the fund financial statements. 451,958

Deferred charges on bond refunding are reported as deferred outflows of resources in the Statement of Net Position, and do not require the use of current financial resources and therefore, is not reported in the governmental funds. 97,281

Long-term liabilities are not due and payable in the current period and are not included in the balance sheet of governmental funds, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities and related deferred outflows of resources consist of:

|                                                    |                  |                    |
|----------------------------------------------------|------------------|--------------------|
| Bonds and notes payable, net                       | (5,596,538)      |                    |
| Accrued interest expense                           | (26,883)         |                    |
| Net other post employment benefits (OPEB)          | (812,816)        |                    |
| Compensated absences                               | (679,511)        |                    |
| Net pension liability                              | (1,255,359)      |                    |
| Deferred outflows related to net pension liability | <u>1,030,870</u> |                    |
|                                                    |                  | <u>(7,340,237)</u> |

**Total net position - governmental activities** \$ 19,692,248

**BOROUGH OF CARLISLE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**Year Ended December 31, 2016**

|                                        | General Fund        | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------------|---------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>                        |                     |                                |                                |
| Taxes                                  | \$ 7,620,812        | \$ -                           | \$ 7,620,812                   |
| Licenses and permits                   | 622,317             | -                              | 622,317                        |
| Fees and fines                         | 158,871             | -                              | 158,871                        |
| Investment earnings                    | 34,982              | 6,832                          | 41,814                         |
| Rents                                  | 61,100              | -                              | 61,100                         |
| Intergovernmental                      | 1,708,176           | 783,801                        | 2,491,977                      |
| Charges for services                   | 287,878             | -                              | 287,878                        |
| Contributions and miscellaneous        | 167,645             | -                              | 167,645                        |
| Proceeds from refunds/reimbursements   | 305,668             | -                              | 305,668                        |
| Total revenues                         | <u>10,967,449</u>   | <u>790,633</u>                 | <u>11,758,082</u>              |
| <b>EXPENDITURES</b>                    |                     |                                |                                |
| General government                     |                     |                                |                                |
| Borough council                        | 13,731              | -                              | 13,731                         |
| Borough manager                        | 107,977             | -                              | 107,977                        |
| Finance department                     | 148,026             | -                              | 148,026                        |
| Tax collection                         | 63,663              | -                              | 63,663                         |
| Personnel administration               | 25,326              | -                              | 25,326                         |
| Data processing                        | 49,695              | -                              | 49,695                         |
| Legal services                         | 40,750              | -                              | 40,750                         |
| Insurance premiums                     | 345,085             | -                              | 345,085                        |
| Employee benefits (unallocated)        | 474,020             | -                              | 474,020                        |
| Buildings and plants                   | 1,717               | -                              | 1,717                          |
| Public Safety                          |                     |                                |                                |
| Police department                      | 3,896,501           | -                              | 3,896,501                      |
| Fire department                        | 897,246             | -                              | 897,246                        |
| Codes department                       | 1,168,956           | -                              | 1,168,956                      |
| Public works                           |                     |                                |                                |
| Stormwater                             | 88,087              | -                              | 88,087                         |
| Highways                               | 1,398,981           | 539,060                        | 1,938,041                      |
| Engineering                            | 123,375             | -                              | 123,375                        |
| Parks and recreation                   | 1,945,141           | -                              | 1,945,141                      |
| Conservation and community development | 135,892             | 119,385                        | 255,277                        |
| Debt Service:                          |                     |                                |                                |
| Principal                              | 492,821             | -                              | 492,821                        |
| Interest and fiscal charges            | 137,288             | -                              | 137,288                        |
| Total expenditures                     | <u>11,554,278</u>   | <u>658,445</u>                 | <u>12,212,723</u>              |
| Excess of revenues over expenditures   | <u>(586,829)</u>    | <u>132,188</u>                 | <u>(454,641)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                     |                                |                                |
| Issuance of long-term debt             | 1,959,285           | -                              | 1,959,285                      |
| Proceeds from sale of capital assets   | 78,283              | -                              | 78,283                         |
| Payment to refund bonds                | (621,499)           | -                              | (621,499)                      |
| Transfers in                           | 190,569             | -                              | 190,569                        |
| Transfers out                          | -                   | (190,569)                      | (190,569)                      |
| Total other financing sources and uses | <u>1,606,638</u>    | <u>(190,569)</u>               | <u>1,416,069</u>               |
| Net change in fund balances            | 1,019,809           | (58,381)                       | 961,428                        |
| Fund balances - beginning              | <u>6,160,872</u>    | <u>1,264,181</u>               | <u>7,425,053</u>               |
| Fund balances - ending                 | <u>\$ 7,180,681</u> | <u>\$ 1,205,800</u>            | <u>\$ 8,386,481</u>            |

**BOROUGH OF CARLISLE****Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended December 31, 2016**

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**Net change in fund balances - total governmental funds** **\$ 961,428**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differs from capital outlays in the period.

|                      |                  |         |
|----------------------|------------------|---------|
| Depreciation expense | (1,266,520)      |         |
| Capital outlays      | <u>1,909,961</u> | 643,441 |

Because some taxes will not be collected within the first several months after the Borough's fiscal year end, they are not considered as "available" revenues in the governmental funds. The difference in tax revenues is:

(9,462)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

1,114,328

The issuance of general obligation notes provides current financial resources to governmental funds, but has no effect on net position.

(1,959,285)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The difference in interest accrued in the statement of activities compared to the amount due is shown here. The amount also includes the amortization of deferred charge on bond refunding:

(14,664)

Net Other Post Employment Benefits (OPEB) obligation does not require the use of current financial resources and, therefore, is not reported as an expense in the governmental funds.

(85,189)

Net pension obligation and related deferred outflows of resources do not require the use of current financial resources and; therefore, is not reported as an expenditure in the governmental funds.

(344,960)

In the statement of activities, compensated absences are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the net amount incurred or (used) was:

(46,709)

**Change in net position - governmental activities**

**\$ 258,928**

**BOROUGH OF CARLISLE**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2016**

|                                                                   | Enterprise Funds     |                      |                     |                        |                      |
|-------------------------------------------------------------------|----------------------|----------------------|---------------------|------------------------|----------------------|
|                                                                   | Water Fund           | Sewer Fund           | Parking Fund        | Other Enterprise Funds | Total                |
| <b>ASSETS</b>                                                     |                      |                      |                     |                        |                      |
| <b>Current assets</b>                                             |                      |                      |                     |                        |                      |
| Cash and cash equivalents                                         | \$ 5,122,162         | \$ 6,850,342         | \$ 778,092          | \$ 207,113             | \$ 12,957,709        |
| Investments                                                       | 227,365              | 461,935              | 82,997              | -                      | 772,297              |
| Accounts receivable                                               |                      |                      |                     |                        |                      |
| Billed                                                            | 298,440              | 544,880              | -                   | -                      | 843,320              |
| Unbilled                                                          | 516,379              | 684,772              | -                   | -                      | 1,201,151            |
| Other receivables                                                 | 75,490               | 121,663              | 1,274               | 91,088                 | 289,515              |
| Due from other funds                                              | 43,640               | -                    | -                   | 29,023                 | 72,663               |
| Inventories                                                       | 161,771              | 175,239              | 16,131              | 4,246                  | 357,387              |
| Prepaid expenses                                                  | 2,328                | 3,706                | -                   | -                      | 6,034                |
| Total current assets                                              | <u>6,447,575</u>     | <u>8,842,537</u>     | <u>878,494</u>      | <u>331,470</u>         | <u>16,500,076</u>    |
| <b>Noncurrent assets</b>                                          |                      |                      |                     |                        |                      |
| <b>Capital assets</b>                                             |                      |                      |                     |                        |                      |
| Land                                                              | 11,963               | 166,938              | 325,201             | -                      | 504,102              |
| Buildings and system, net                                         | 6,960,326            | 3,128,725            | 1,196,020           | 8,778                  | 11,293,849           |
| Improvements other than buildings, net                            | 2,008,117            | 115,489              | 367,608             | -                      | 2,491,214            |
| Machinery and equipment, net                                      | 2,370,254            | 17,719,700           | 128,417             | 29,386                 | 20,247,757           |
| Construction in progress                                          | 503,446              | 3,579,783            | -                   | -                      | 4,083,229            |
| Total noncurrent assets                                           | <u>11,854,106</u>    | <u>24,710,635</u>    | <u>2,017,246</u>    | <u>38,164</u>          | <u>38,620,151</u>    |
| Total assets                                                      | <u>18,301,681</u>    | <u>33,553,172</u>    | <u>2,895,740</u>    | <u>369,634</u>         | <u>55,120,227</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                             |                      |                      |                     |                        |                      |
| Deferred outflows related to pension liability                    | 100,914              | 173,702              | 1,700               | 6,782                  | 283,098              |
| Deferred charge on bond refunding                                 | -                    | -                    | 30,494              | -                      | 30,494               |
| Total deferred outflows of resources                              | <u>100,914</u>       | <u>173,702</u>       | <u>32,194</u>       | <u>6,782</u>           | <u>313,592</u>       |
| Total assets and deferred outflows of resources                   | <u>\$ 18,402,595</u> | <u>\$ 33,726,874</u> | <u>\$ 2,927,934</u> | <u>\$ 376,416</u>      | <u>\$ 55,433,819</u> |
| <b>LIABILITIES</b>                                                |                      |                      |                     |                        |                      |
| <b>Current liabilities</b>                                        |                      |                      |                     |                        |                      |
| Accounts payable                                                  | \$ 284,561           | \$ 1,143,762         | \$ 66,004           | \$ 50,856              | \$ 1,545,183         |
| Accrued wages payable                                             | 13,916               | 19,837               | 1,478               | 0                      | 35,231               |
| Accrued interest payable                                          | 34,714               | 58,569               | 4,280               | 5                      | 97,568               |
| Due to other funds                                                | 29,023               | 36,240               | 24,330              | 184,879                | 274,472              |
| Compensated absences - current                                    | 31,751               | 58,766               | 359                 | 39                     | 90,915               |
| Bonds, notes and loans payable - current                          | 563,019              | 833,954              | 103,208             | 38                     | 1,500,219            |
| Total current liabilities                                         | <u>956,984</u>       | <u>2,151,128</u>     | <u>199,659</u>      | <u>235,817</u>         | <u>3,543,588</u>     |
| <b>Noncurrent liabilities</b>                                     |                      |                      |                     |                        |                      |
| Compensated absences                                              | 62,912               | 116,440              | 711                 | 77                     | 180,140              |
| Bonds, notes and loans payable                                    | 7,105,848            | 10,039,529           | 762,097             | 273                    | 17,907,747           |
| Net pension liability                                             | 150,936              | 259,804              | 2,543               | 8,937                  | 422,220              |
| Total non-current liabilities                                     | <u>7,319,696</u>     | <u>10,415,773</u>    | <u>765,351</u>      | <u>9,287</u>           | <u>18,510,107</u>    |
| Total liabilities                                                 | <u>8,276,680</u>     | <u>12,566,901</u>    | <u>965,010</u>      | <u>245,104</u>         | <u>22,053,695</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                              |                      |                      |                     |                        |                      |
| Deferred inflows related to pension liability                     | 8,727                | 849                  | 924                 | 0                      | 10,500               |
| Deferred charge on bond refunding                                 | 5,734                | 41,165               | 0                   | 0                      | 46,899               |
| Total deferred inflows of resources                               | <u>14,461</u>        | <u>42,014</u>        | <u>924</u>          | <u>0</u>               | <u>57,399</u>        |
| <b>NET POSITION</b>                                               |                      |                      |                     |                        |                      |
| Net investment in capital assets                                  | 5,903,188            | 12,747,605           | 1,118,243           | 37,853                 | 19,806,889           |
| Unrestricted                                                      | 4,208,266            | 8,370,354            | 843,757             | 93,459                 | 13,515,836           |
| Total net position                                                | <u>10,111,454</u>    | <u>21,117,959</u>    | <u>1,962,000</u>    | <u>131,312</u>         | <u>33,322,725</u>    |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 18,402,595</u> | <u>\$ 33,726,874</u> | <u>\$ 2,927,934</u> | <u>\$ 376,416</u>      | <u>\$ 55,433,819</u> |

**BOROUGH OF CARLISLE****Statement of Revenue, Expenses, and Changes in Fund Net Position- Proprietary Funds**  
**Year Ended December 31, 2016**

|                                                          | Enterprise Funds |               |              |                        | Total         |
|----------------------------------------------------------|------------------|---------------|--------------|------------------------|---------------|
|                                                          | Water Fund       | Sewer Fund    | Parking Fund | Other Enterprise Funds |               |
| <b>OPERATING REVENUES</b>                                |                  |               |              |                        |               |
| Charges for services                                     | \$ 4,037,081     | \$ 5,973,803  | \$ 671,278   | \$ 837,047             | \$ 11,519,209 |
| <b>OPERATING EXPENSES</b>                                |                  |               |              |                        |               |
| Administrative                                           | 970,127          | 856,078       | 366,566      | 22,145                 | 2,214,916     |
| Insurance premiums                                       | 79,941           | 155,641       | 9,058        | -                      | 244,640       |
| Employee benefits                                        | 158,864          | 314,385       | 2,972        | -                      | 476,221       |
| Payroll taxes - employer's portion                       | 66,732           | 99,003        | 7,939        | 962                    | 174,636       |
| Plants                                                   | 1,310,302        | 1,331,863     | -            | -                      | 2,642,165     |
| Plant labs                                               | 107,354          | 377,992       | -            | -                      | 485,346       |
| Distribution/collection                                  | 353,926          | 342,537       | -            | 868,993                | 1,565,456     |
| Maintenance                                              | 42,597           | 139,756       | -            | -                      | 182,353       |
| Depreciation                                             | 833,149          | 1,622,654     | 109,184      | 6,348                  | 2,571,335     |
| Total operating expenses                                 | 3,922,992        | 5,239,909     | 495,719      | 898,448                | 10,557,068    |
| Operating income (loss)                                  | 114,089          | 733,894       | 175,559      | (61,401)               | 962,141       |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                  |                  |               |              |                        |               |
| Tap fees                                                 | -                | 113,296       | -            | -                      | 113,296       |
| Interest and investment revenue                          | 13,508           | 23,467        | 4,060        | 296                    | 41,331        |
| Miscellaneous revenue                                    | 160,916          | 26,191        | 1,615        | 4,747                  | 193,469       |
| Intergovernmental                                        | -                | -             | -            | 35,146                 | 35,146        |
| Interest expense and debt issuance costs                 | (168,171)        | (219,725)     | (26,989)     | (6)                    | (414,891)     |
| Total nonoperating revenues (expenses)                   | 6,253            | (56,771)      | (21,314)     | 40,183                 | (31,649)      |
| Income (loss) before transfers and capital contributions | 120,342          | 677,123       | 154,245      | (21,218)               | 930,492       |
| Capital contributions and grants                         | -                | 62,111        | -            | -                      | 62,111        |
| Transfers in                                             | 28,181           | -             | -            | -                      | 28,181        |
| Transfers out                                            | -                | (28,181)      | -            | -                      | (28,181)      |
| Change in net position                                   | 148,523          | 711,053       | 154,245      | (21,218)               | 992,603       |
| Total net position - beginning                           | 9,962,931        | 20,406,906    | 1,807,755    | 152,530                | 32,330,122    |
| Total net position - ending                              | \$ 10,111,454    | \$ 21,117,959 | \$ 1,962,000 | \$ 131,312             | \$ 33,322,725 |

**BOROUGH OF CARLISLE**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2016**

|                                                                      | Enterprise Funds |              |              |                        | Total         |
|----------------------------------------------------------------------|------------------|--------------|--------------|------------------------|---------------|
|                                                                      | Water Fund       | Sewer Fund   | Parking Fund | Other Enterprise Funds |               |
| <b>Cash flows from operating activities:</b>                         |                  |              |              |                        |               |
| Receipts from customers                                              | \$ 4,070,655     | \$ 5,914,323 | \$ 672,130   | \$ 879,413             | \$ 11,536,521 |
| Payments to suppliers                                                | (1,689,604)      | (1,699,832)  | (264,955)    | (807,766)              | (4,462,157)   |
| Payments to and on behalf of employees                               | (1,128,129)      | (1,808,817)  | (91,034)     | (14,011)               | (3,041,991)   |
| Net cash provided (used) by operating activities                     | 1,252,922        | 2,405,674    | 316,141      | 57,636                 | 4,032,373     |
| <b>Cash flows from capital and related financing activities:</b>     |                  |              |              |                        |               |
| Purchase of capital assets                                           | (410,332)        | (2,231,648)  | (120,775)    | -                      | (2,762,755)   |
| Proceeds from sale of capital assets                                 | -                | 17,864       | -            | -                      | 17,864        |
| Proceeds from issuance of debt                                       | 3,683,113        | 7,820,353    | 84,873       | 311                    | 11,588,650    |
| Proceeds from capital contributions and grants                       | -                | 39,358       | -            | -                      | 39,358        |
| Proceeds from tap fees                                               | -                | 113,296      | -            | -                      | 113,296       |
| Principal paid on capital debt                                       | (2,062,295)      | (5,750,277)  | (202,767)    | (333)                  | (8,015,672)   |
| Interest and fiscal charges paid on capital debt                     | (170,024)        | (289,715)    | (26,235)     | (19)                   | (485,993)     |
| Net cash provided (used) by capital and related financing activities | 1,040,462        | (280,769)    | (264,904)    | (41)                   | 494,748       |
| <b>Cash flows from non-capital financing activities:</b>             |                  |              |              |                        |               |
| Grants/state aid received                                            | -                | -            | -            | 35,146                 | 35,146        |
| Transfer from other funds                                            | 28,181           | -            | -            | -                      | 28,181        |
| Transfer to other funds                                              | -                | (28,181)     | -            | -                      | (28,181)      |
| Net cash provided (used) by non-capital financing activities         | 28,181           | (28,181)     | -            | 35,146                 | 35,146        |
| <b>Cash flows from investing activities:</b>                         |                  |              |              |                        |               |
| Purchase of investments                                              | -                | -            | -            | -                      | -             |
| Sale of investments                                                  | 91,746           | 186,406      | 33,495       | -                      | 311,647       |
| Interest and dividends received                                      | 7,243            | 10,736       | 1,772        | 296                    | 20,047        |
| Net cash provided (used) by investing activities                     | 98,989           | 197,142      | 35,267       | 296                    | 331,694       |
| Net increase in cash and cash equivalents                            | 2,420,554        | 2,293,866    | 86,504       | 93,037                 | 4,893,961     |
| Cash and cash equivalents - beginning of the year                    | 2,701,608        | 4,556,476    | 691,588      | 114,076                | 8,063,748     |
| Cash and cash equivalents - end of the year                          | \$ 5,122,162     | \$ 6,850,342 | \$ 778,092   | \$ 207,113             | \$ 12,957,709 |

**BOROUGH OF CARLISLE**  
**Statement of Cash Flows - Proprietary Funds (Continued)**  
**Year Ended December 31, 2016**

|                                                                                                            | Enterprise Funds    |                     |                   |                        | Total               |
|------------------------------------------------------------------------------------------------------------|---------------------|---------------------|-------------------|------------------------|---------------------|
|                                                                                                            | Water Fund          | Sewer Fund          | Parking Fund      | Other Enterprise Funds |                     |
| <b>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities</b> |                     |                     |                   |                        |                     |
| Operating income (loss)                                                                                    | \$ 114,089          | \$ 733,894          | \$ 175,559        | \$ (61,401)            | \$ 962,141          |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities:             |                     |                     |                   |                        |                     |
| Depreciation and amortization expense                                                                      | 833,149             | 1,622,654           | 109,184           | 6,348                  | 2,571,335           |
| Miscellaneous nonoperating activities                                                                      | 160,916             | 8,327               | 1,615             | 4,747                  | 175,605             |
| (Increase) decrease in:                                                                                    |                     |                     |                   |                        |                     |
| Accounts receivable                                                                                        | (63,483)            | (139,844)           | -                 | -                      | (203,327)           |
| Due from other funds                                                                                       | (15,634)            | -                   | -                 | (4,293)                | (19,927)            |
| Other receivables                                                                                          | (48,225)            | 72,037              | (763)             | 41,912                 | 64,961              |
| Inventories                                                                                                | 85,593              | 2,739               | 729               | 7,819                  | 96,880              |
| Prepaid expenses                                                                                           | 11                  | 697                 | 595               | -                      | 1,303               |
| Increase (decrease) in:                                                                                    |                     |                     |                   |                        |                     |
| Accounts payable                                                                                           | 165,451             | (3,722)             | 5,871             | 45,155                 | 212,755             |
| Due to other funds                                                                                         | 4,293               | 33,662              | 24,243            | 15,599                 | 77,797              |
| Accrued wages payable                                                                                      | 636                 | 4,865               | 264               | (249)                  | 5,516               |
| Compensated absences                                                                                       | (11,147)            | 19,877              | (7,212)           | 54                     | 1,572               |
| Net pension liability and related items                                                                    | 27,273              | 50,488              | 6,056             | 1,945                  | 85,762              |
| Net cash provided (used) by operating activities                                                           | <u>\$ 1,252,922</u> | <u>\$ 2,405,674</u> | <u>\$ 316,141</u> | <u>\$ 57,636</u>       | <u>\$ 4,032,373</u> |

**BOROUGH OF CARLISLE**  
**Statement of Fiduciary Net Position**  
**December 31, 2016**

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|                                               | <b>Pension Trust<br/>Funds</b> | <b>Private Purpose<br/>Trust Fund</b> | <b>Agency Fund</b> |
|-----------------------------------------------|--------------------------------|---------------------------------------|--------------------|
| <b>ASSETS</b>                                 |                                |                                       |                    |
| Cash and cash equivalents                     | \$ 576,754                     | \$ 208,989                            | \$ 3,806           |
| Accrued interest receivable                   | 136                            | 250                                   | -                  |
| Accounts receivable                           | 6,826                          | -                                     | -                  |
| U.S. Government Agency obligations            | 57                             | -                                     | -                  |
| Fixed income mutual funds                     | 9,193,937                      | -                                     | -                  |
| Mutual funds                                  | 15,693,720                     | -                                     | -                  |
| Total assets                                  | <u>\$ 25,471,430</u>           | <u>\$ 209,239</u>                     | <u>\$ 3,806</u>    |
| <b>LIABILITIES</b>                            |                                |                                       |                    |
| Accounts payable                              | \$ 1,767                       | \$ -                                  | \$ -               |
| Due to other funds                            | -                              | 20,685                                | -                  |
| Due to other governments                      | -                              | -                                     | 3,806              |
| Total liabilities                             | <u>1,767</u>                   | <u>20,685</u>                         | <u>3,806</u>       |
| <b>NET POSITION</b>                           |                                |                                       |                    |
| Net position restricted for pensions          | 25,469,663                     | -                                     | -                  |
| Held in trust for benefits and other purposes | -                              | 188,554                               | -                  |
| Total net position                            | <u>25,469,663</u>              | <u>188,554</u>                        | <u>-</u>           |
| Total liabilities and net position            | <u>\$ 25,471,430</u>           | <u>\$ 209,239</u>                     | <u>\$ 3,806</u>    |

**BOROUGH OF CARLISLE**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended December 31, 2016**

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|                                               | <b>Pension Trust<br/>Funds</b> | <b>Private Purpose<br/>Trust Fund</b> |
|-----------------------------------------------|--------------------------------|---------------------------------------|
| <b>ADDITIONS</b>                              |                                |                                       |
| Contributions                                 |                                |                                       |
| Employer                                      | \$ 633,612                     | \$ -                                  |
| Plan members                                  | 184,039                        | -                                     |
| Total contributions                           | <u>817,651</u>                 | <u>-</u>                              |
| Investment earnings                           |                                |                                       |
| Net appreciation in fair value of investments | 1,020,173                      | 1,811                                 |
| Interest and dividends                        | 558,342                        | 4,435                                 |
| Investment activity expense                   | (72,490)                       | -                                     |
| Total net investment earnings                 | <u>1,506,025</u>               | <u>6,246</u>                          |
| Total additions                               | <u>2,323,676</u>               | <u>6,246</u>                          |
| <b>DEDUCTIONS</b>                             |                                |                                       |
| Benefits                                      | 1,315,507                      | -                                     |
| Administrative                                | 57,801                         | 3,660                                 |
| Miscellaneous expense                         | -                              | 20,791                                |
| Total deductions                              | <u>1,373,308</u>               | <u>24,451</u>                         |
| Change in net position                        | 950,368                        | (18,205)                              |
| Net position - beginning                      | <u>24,519,295</u>              | <u>206,759</u>                        |
| Net position - ending                         | <u>\$ 25,469,663</u>           | <u>\$ 188,554</u>                     |

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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***Nature of Operations***

The financial statements of the Borough of Carlisle, Pennsylvania, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government's more significant accounting policies are described below.

***Reporting Entity***

Governmental Accounting Standards Board (GASB) Statements define the criteria used to determine the composition of the reporting entity. These standards require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; (3) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (4) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Borough is not a component unit of any other entities.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens, on the primary government. A primary government may also be financially accountable for the governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation in some manner for the debt of the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

Based upon the application of these criteria, the following is a brief review of the potential component unit addressed in defining the government's reporting entity.

The following component unit meets the criteria for blending and is included within the reporting entity:

**The Carlisle Borough Municipal Authority** (the "Authority") is governed by a board appointed by Borough Council. The Authority owns the water plant which services almost entirely the Borough of Carlisle. The Borough operates this system under a lease agreement dated September 15, 1998.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Reporting Entity (Continued)***

The Borough leases the system for a fixed rental fee of \$ 1 per year. The term of the lease renews on a yearly basis until terminated by either party. The Authority currently has no employees and the Borough oversees the operation, administration, and maintenance of the water system. Operations of the Authority are financed through user-based charges; water rates are set by Borough Council.

The Authority is included as a blended component unit of the Borough. Separately issued financial statements of the Authority can be obtained by contacting management of the Borough.

***Fund Accounting***

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures/expenses. The various funds of the primary government (including the blended component unit) are grouped into the categories of governmental, proprietary, and fiduciary.

**Governmental Funds**

Governmental Funds are those through which most governmental functions of the Borough are financed. The measurement focus is on the flow of expendable resources, rather than on net earnings determination.

The Borough reports the following as a major governmental fund:

***General Fund*** - The General Fund is the general operating fund of the Borough. This fund is used to account for all financial transactions except those required to be accounted for in another fund. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use.

The Borough reports the following non-major governmental funds:

***Special Revenue Funds*** - These funds are used to account for proceeds of specific revenue sources used to finance specific activities as required by law or administrative regulation. The Borough has the following Special Revenue Funds:

**Community Development Block Grant** is used to account for community development block grants received and the program funds are restricted to be used to fight urban blight and decay through structural rehabilitation of area homes and businesses and community improvement projects.

**Highway Aid Fund** is used to account for state liquid fuels tax revenue that is restricted to be used for building, improving, and maintaining local roads and bridges.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Fund Accounting (Continued)***

**Asset Forfeiture Fund** is used to account for restricted funds received related to asset forfeitures recovered by the police department that can only be spent on police activities.

**Proprietary Funds**

These funds are used to account for the financing of services to the general public where all or most of the costs involved are paid in the form of charges to the users of such services. The focus of proprietary funds is on the determination of net earnings and capital maintenance. The Borough has no internal service funds and only utilizes enterprise funds as described below. No allowance for bad debts is deemed necessary by management for receivables of the proprietary funds based on past experience, the ability to file liens, and a review of current receivables.

The Borough's enterprise funds consist of:

***Water Fund*** – Provide water and related services, including laboratory analysis, to the Borough of Carlisle, its residents, business establishments and various customers within the proximity of the Borough.

***Sewer Fund*** – Provide wastewater treatment services, including laboratory analysis, for the Borough of Carlisle, its residents, commercial establishments and various customers located within the proximity of the Borough.

***Parking Fund*** – Regulates and controls vehicle parking throughout the Borough of Carlisle.

***Solid Waste Fund*** – Provides recycling and trash removal for the Borough of Carlisle, its residents and commercial establishments throughout the Borough.

***Municipal Authority*** – Provides the water plant which services almost entirely the Borough of Carlisle. The Borough operates this system under a lease agreement.

The Water, Sewer, and Parking Funds are major funds while the Solid Waste Fund and Municipal Authority are non-major.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Borough has no investment trust funds.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Fund Accounting (Continued)***

The Borough's Pension Trust Funds consist of:

***Police Pension Trust Fund*** – Accounts for the accumulation of resources for pension benefit payments to qualified public safety (police) employees.

***Non-Uniformed Pension Trust Fund*** – Accounts for the accumulation of resources for pension benefit payments to qualified non-uniformed employees.

***Management Pension Fund*** – Accounts for the accumulation of resources for pension benefit payments to qualified management employees.

The Borough maintains a Private Purpose Trust Fund, which consists of:

***Cemetery Trust Fund*** – Accounts for the maintenance of the Borough cemetery.

The Borough maintains an Agency Fund, which consists of:

***Tax Collection Fund*** – Accounts for the collection of taxes performed by the Borough in prior years.

***Basis of Presentation***

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financials but differs from the manner in which governmental fund financials are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Borough, and for each function or program of the Borough's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Borough, with certain limited exceptions. The comparison of direct expenses and program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Borough.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Basis of Presentation (Continued)***

**Fund Financial Statements** – Fund financial statements report detailed information about the Borough. The focus of the governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The major fund concept does not apply to fiduciary funds and they are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

Fiduciary funds are reported using the economic resources measurement focus. Agency funds have no measurement focus.

***Basis of Accounting***

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific Borough expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. If time requirements are not met, a deferred inflow

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Basis of Accounting (Continued)***

of resources would be recorded. 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.

***Cash and Cash Equivalents***

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

***Investments***

Investments and investment pools are reported at fair value, which is determined as follows:

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems and investments in external investment pools not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted fair values of the underlying securities. Unrealized appreciation or depreciation due to changes in fair values of such investments is recognized annually.

***Statement of Cash Flows***

For purposes of the statement of cash flows presented for proprietary funds, the Borough considers all highly-liquid debt instruments, including restricted assets, with maturities of three months or less when purchased, to be cash equivalents.

***Inventories***

Inventories are valued using the FIFO (first in first out) cost method. Inventories recorded in the various funds consist of expendable supplies held for consumption or resale. In the General Fund, the cost is recorded as an expenditure at the time inventory items are purchased. The nonspendable fund balance for inventories is established to indicate that a portion of the fund balance is not available for future expenditures. Inventories in the proprietary funds are recorded as expenses when the inventory items are consumed.

***Prepaid Items***

Prepaid items in the governmental funds are accounted for under the consumption method.

***Capital Assets***

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

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Capital Assets (Continued)***

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The Borough maintains a capitalization threshold of \$ 5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets is only capitalized for proprietary fund assets.

All infrastructure acquired after January 1, 1980 for the governmental activities is reported on the government-wide statements. Infrastructure includes roads, bridges, traffic signals, storm sewers and drains.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

|                   |       |
|-------------------|-------|
| Land Improvements | 50    |
| Infrastructure    | 20-40 |
| Buildings         | 30    |
| Equipment         | 10    |
| Vehicles          | 5     |
| Pipe              | 25    |

***Deferred Outflows and Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Borough has several items that qualify for reporting in this category including the deferred charge on bond refunding and various amounts related to pension liabilities. These amounts will be amortized in future periods. A deferred charge on bond refunding results from the difference in the carrying value of refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Borough has several items that qualify for reporting in this category including the deferred charge on bond refunding and various amounts related to pension liabilities. These amounts will be amortized in future periods. A deferred charge on bond refunding results from the difference in the carrying value of refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the Borough has unavailable tax revenue that is reported as deferred inflows of resources in the governmental funds balance sheet.

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Net Position***

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

**Net Investment in Capital Assets:** This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt, accounts payable and retainage payable that are attributable to the acquisition, construction or improvement of these assets reduce this category. Net investment in capital assets as of December 31, 2016 consists of the following:

**Government -Wide Activities**

|                                                             | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> |
|-------------------------------------------------------------|------------------------------------|-------------------------------------|
| Capital assets                                              | \$ 18,096,765                      | \$ 38,620,151                       |
| Bonds and notes payable                                     | (5,596,538)                        | (19,407,966)                        |
| Accounts and retainage payable related<br>to capital assets | (300,698)                          | (1,179,583)                         |
| Deferred charge on bond refunding                           | 97,281                             | (16,405)                            |
| Unspent debt proceeds                                       | <u>1,114,147</u>                   | <u>1,790,692</u>                    |
| Net investment in capital assets                            | <u>\$ 13,410,957</u>               | <u>\$ 19,806,889</u>                |

**Proprietary Funds**

|                                                             | <b>Water<br/>Fund</b> | <b>Sewer<br/>Fund</b> | <b>Parking<br/>Fund</b> | <b>Solid Waste<br/>Fund</b> |
|-------------------------------------------------------------|-----------------------|-----------------------|-------------------------|-----------------------------|
| Capital assets                                              | \$ 11,854,106         | \$ 24,710,635         | \$ 2,017,246            | \$ 38,164                   |
| Bonds and notes payable                                     | (7,668,867)           | (10,873,483)          | (865,305)               | (311)                       |
| Accounts and retainage payable related<br>to capital assets | (67,009)              | (1,048,382)           | (64,192)                | -                           |
| Deferred charge on bond refunding                           | (5,734)               | (41,165)              | 30,494                  | -                           |
| Unspent debt proceeds                                       | <u>1,790,692</u>      | <u>-</u>              | <u>-</u>                | <u>-</u>                    |
| Net investment in capital assets                            | <u>\$ 5,903,188</u>   | <u>\$ 12,747,605</u>  | <u>\$ 1,118,243</u>     | <u>\$ 37,853</u>            |

**Restricted:** This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. As of December 31, 2016, restrictions of net position are as follows: highway projects of \$ 1,153,481, future police activities of \$ 52,319, various grants and contributions of \$ 54,449 and future capital projects of \$ 1,628,070.

**Unrestricted:** This category of net position is the amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Basis of Accounting (Continued)***

**Net Position Flow Assumption:** Sometimes the Borough will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Borough's policy to use restricted resources first, then unrestricted resources as they are needed.

***Fund Balance – Governmental Funds***

Governmental funds classify fund balance based on the relative strength of the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and the long term portion of loans and notes receivable. This also includes the corpus (or principal) of permanent funds.

**Restricted:** This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.

**Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Borough's highest level of decision-making authority. This formal action is in the form of a resolution which is made by the Borough Council. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

**Assigned:** This classification includes spendable amounts that are reported in governmental funds other than the General Fund that are neither restricted nor committed and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by the Borough Council to assign amounts to be used for specific purposes. The assignment of fund balance cannot result in a negative unassigned fund balance.

**Unassigned:** This classification represents the portion of a spendable fund balance that has not been categorized as restricted, committed, or assigned. The general fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and unassigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Order of Spending Policy***

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Borough's policy is to spend resources in the following order:

1. Restricted
2. Unrestricted

Unless Borough Council specifically approves use of committed resources, or the Committee or body/official designated by Borough Council specifically approves the use of assigned or committed resources, the Borough's policy is to spend unrestricted resources in the following order:

1. Unassigned
2. Assigned
3. Committed

***Interfund Activity***

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements. It is the Borough's general rule to eliminate internal activity in the government-wide statement of activities, such as receipts and payments between the Borough's water fund and Municipal Authority.

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and are shown separately in proprietary funds.

***Budgets and Budgetary Accounting***

Borough Council adopts annual budgets on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at the end of each year and must be reappropriated.

By the end of the first week in September, budget requests must be submitted to the Finance Department by all agencies and divisions of the Borough so that appropriations can be tabulated and a prospective budget prepared. The budget is prepared by fund and department. The budget is approved at the department level. The department level presented in the Budgetary Comparison Schedule included as required supplementary information represents the legal level of budgetary control. It includes information of the last three fiscal years, current year budget, current year estimates, and requested appropriations for the coming year. Meetings are held by the Borough Manager and Finance Director with each department head and supervisor to determine budgetary needs.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Budgets and Budgetary Accounting (Continued)***

By early November, the proposed budget is presented to Borough Council for its review. Council holds budget-workshop meetings to review all budget requests and to have any questions answered. These meetings involve all council members in the budget process, and members can add to or subtract from any budget line item. The workshops are publicly advertised and open to all Borough citizens. After the informational workshops are complete, Council instructs the Borough Manager to put the budget on display in the Manager's office for review by the Borough's interested citizens. Council then holds public hearings on the budget where changes can occur once again. All expenditure changes must be made within the realm of revenue as estimated by the Manager and Finance Director, or the revenue estimates must be changed to reflect increased or additional fees and revenue. Council must approve a fiscally-sound, balanced budget by December 31 of each fiscal year.

Expenditures may not legally exceed budgeted appropriations at the activity (department) level. Departmental budgets are kept in balance through budget transfers initiated by department heads and approved by the Finance Director and Borough Manager. Department heads must show where the savings will occur, or they must "give up" a budget item to force cost savings. Borough Council may increase a departmental budget through a contingency transfer or a supplemental appropriation at any time during the fiscal year. If a departmental budget is exceeded during the year, a transfer from contingency or supplemental appropriation must be granted by Council for the department to continue operations. Borough Council has the exclusive authority to approve a contingency transfer. Council may also enact supplementary appropriations to the budget.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premium and discount, as well as prepaid bond insurance, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Prepaid bond insurance costs are reported as an asset and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses (if resulting from a disparity in interest rates) or as debt service expenditures (if resulting from underwriter's fees). Issuance costs (including prepaid bond insurance), whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Classification of Revenues***

For proprietary funds, the Borough has classified its revenues as either operating or nonoperating revenues according to the following criteria:

**Operating revenues** – Operating revenues include activities that have the characteristics of exchange transactions, such as utility billings and penalties and late charges.

**Nonoperating revenues** – Nonoperating revenues include activities that have the characteristics of non-exchange transactions (in which the Borough receives value without directly giving equal value in return), such as contributions and grants and other revenues that are defined as nonoperating revenues by GASB, such as investment earnings. In addition, tap fees are considered non-operating because they are based on future capacity needs of the utility system.

***Pension Plans***

The Borough has established two contributory defined benefit pension plans for the benefit of substantially all full-time employees. The financial statements related to its pension plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The Borough has adopted the International City Managers Association (ICMA) Deferred Compensation Plan which has been created in accordance with Internal Revenue Code Section 457(g). The Plan, available to all Borough employees, permits them to defer a portion of their salary until future years. A yearly contribution by the Borough of 2% of the participants' annual salary is available for department heads. The Borough has also adopted an ICMA Deferred Compensation Plan under Internal Revenue Code 401(a). This plan is for electing department heads and includes a yearly contribution by the Borough of 6% of the participants' annual salary to the defined contribution plan. Existing department heads as of 2009 elected which pension plan they would participate in (defined contribution or defined benefit); however, department heads hired after 2009 do not have an election, and are automatically enrolled in the 401(a) plan. The deferred compensation for both plans is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants and beneficiaries under the Plan. Participants' rights under the plans consist of an amount equal to the fair market value of the deferred account for each participant. In accordance with provisions of the GASB, the assets and liabilities of the 457(g) plan are not reported on the financial statements of the Borough. However, due to the fact that the Borough is acting in the capacity of trustee for the 401(a) plan, the transactions of this plan are reported on the financial statements of the Borough.

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Compensated Absences***

Liability for compensated absences is accounted for in accordance with the provisions of the GASB, which require entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

Under terms of the Borough's personnel policies, employees are granted vacation and sick leave in varying amounts. All employees (including uniformed police) are permitted to accumulate two times the annual appropriation of vacation and a maximum of 45 sick days. Upon retirement from the Borough, non-uniformed employees and police are reimbursed for accumulated sick and vacation leave in accordance with personnel policies. Accumulated, unpaid vacation and sick pay are accrued when incurred in enterprise funds and the government-wide statements. In governmental funds, an expenditure is recorded when the associated payment becomes due or matures.

**NOTE 2 DEPOSITS AND INVESTMENTS**

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The Borough is authorized to invest in the following:

- U.S. Treasury Bills.
- Short term obligations of the U.S. Government or its agencies.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the respective governmental entity.
- Shares of an investment company registered under the Investment Company Act of 1940.
- Obligations, participations or other instruments of any federal agency, instrumentality or United States government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent.
- Commercial paper issues by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days.
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the banker's acceptances do not exceed 180 days.
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less.

The Pension and Cemetery Trust Funds are also authorized to invest in common and preferred stocks and corporate bonds.

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

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***Deposits – Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a policy for custodial credit risk. As of December 31, 2016, the Borough has a bank balance of \$ 17,508,322. Of this balance, \$ 1,094,103 is covered by FDIC insurance and the remaining balance of \$ 16,414,219 was exposed to custodial credit risk. This balance was uninsured is collateralized by securities held by the pledging financial institution, not in the Borough's name.

Pennsylvania Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledger of the assets. Based on the standards outlined in Act 72, the various banks utilized by the Borough have pledged collateral on a pooled basis on behalf of the Borough and all other governmental depositors in the respective financial institutions.

***Investments***

As of December 31, 2016, the Borough's investments were as follows:

|                                   | <b>Fair Value</b> | <b>Credit Quality<br/>Rating</b> |
|-----------------------------------|-------------------|----------------------------------|
| PLGIT and PLGIT-Prime             | \$ 2,302,609      | AAAm                             |
| Cetera Advisors - Negotiable CD's | 1,443,545         | Not Rated                        |

The negotiable certificates of deposit held at Cetera Advisors were all covered by FDIC insurance.

**Credit Risk – Investments**

The Borough has no investment policy that would limit its investment choices to certain credit ratings.

Included in cash and cash equivalents in the financial statements are pooled investments in the Pennsylvania Local Government Investment Trust (PLGIT)/PLGIT Class and PLGIT Prime. These funds are basically mutual funds that consist of short-term money market instruments and seek to maintain a constant net asset value of \$ 1 per share.

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

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***Investments (Continued)***

**Interest Rate Risk - Investments**

The following investments are subject to interest rate risk:

|                                   | <b>Investment Maturities (in Years)</b> |                    |            |
|-----------------------------------|-----------------------------------------|--------------------|------------|
|                                   | <b>Fair Value</b>                       | <b>Less Than 1</b> | <b>1-5</b> |
| PLGIT and PLGIT-Prime             | \$ 2,302,609                            | \$ 2,302,609       | \$ -       |
| Cetera Advisors - Negotiable CD's | 1,443,545                               | 480,420            | 963,125    |

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments in PLGIT and PLGIT Prime are not subject to interest rate risk as the funds are accessible on a daily basis and the interest rates change daily based on market conditions.

**Concentrations of Credit Risk - Investments**

At December 31, 2016, the Borough's investments in negotiable CD's (38.5%) were in excess of 5% of the Borough's investments.

***Policies Followed at PLGIT***

**Regulatory Oversight**

The operation of PLGIT is governed by an eleven-member Board of Trustees. The Trustees must be employees or elected officials of a local government or school district and are elected at the annual meeting of investors. The Trustees have exclusive and absolute control over the affairs of the Trust and its' assets, subject to rights of the Investors, as provided in the Declaration of Trust.

PLGIT is not registered with the Securities and Exchange Commission (SEC); however, PLGIT follows investment procedures similar to those followed by SEC registered money market funds.

**Valuation of Investments**

Portfolios are valued using the net asset value per share. The net asset value per share is computed by dividing the total value of the securities and other assets of the portfolio less liabilities, by the outstanding shares of the portfolio.

The Borough has no limitations or restrictions on withdrawals on accounts held at PLGIT.

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

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***Municipal Pension Plans***

Investments held by the trustees of the pension plans are as follows:

|                                   | Total<br>Fair<br>Value | Investment Maturities (in Years) |                     |                     |
|-----------------------------------|------------------------|----------------------------------|---------------------|---------------------|
|                                   |                        | Less<br>Than 1                   | 1-5                 | 6-10                |
| U.S. Government Agency Securities | \$ 57                  | \$ -                             | \$ 57               | \$ -                |
| Fixed Income Mutual Funds         | 9,193,937              | -                                | 3,870,241           | 5,323,696           |
| Open End Mutual Funds             | 15,693,720             | 15,693,720                       | -                   | -                   |
|                                   | <u>\$ 24,887,714</u>   | <u>\$ 15,693,720</u>             | <u>\$ 3,870,298</u> | <u>\$ 5,323,696</u> |

***Credit Risk – Pension Plans***

The Borough's pension investment policy limits investment in fixed income and non-fixed income securities to those rated "B" or better by one of the two major rating services. The fixed income mutual funds include several fixed income funds and have average S & P quality ratings between B and A.

***Interest Rate Risk – Pension Plans***

The Borough does not have a formal written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Borough's investments are subject to interest rate risk as previously disclosed in the table above.

***Foreign Securities and Currencies Risk – Pension Plans***

Foreign securities prices may decline or fluctuate because of economic or political actions of foreign governments or the possibility that foreign currency will fluctuate in value against the U.S. dollar. Included in the open end mutual funds are International equities and mutual funds with a fair value of \$ 3,697,281. These may be subject to foreign securities and currencies risk.

***Investments – Fair Value Measurements***

Generally accepted accounting principles define fair value, describe a framework for measuring fair value, and require disclosure about fair value measurements. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. The established framework includes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

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***Investments – Fair Value Measurements (Continued)***

If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy and those investments included in each are as follows:

**Level 1** – Represented by quoted prices available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products and exchange traded equities and mutual funds.

**Level 2** – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data, such as quoted prices for similar securities and quoted prices in inactive markets and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. government agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset backed securities, swap agreements, and life insurance contracts.

**Level 3** – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity's own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, and those with internally developed values.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value on the statement of net position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

**Negotiable Certificates of Deposit**

The fair value of negotiable certificates of deposit are estimated using a discounted cash flow calculation that applies to interest rates currently being offered for deposits of similar remaining maturities to a schedule of aggregated expected maturities of such deposits. Such investments are generally classified within Level 2 of the valuation hierarchy.

**U.S. Government Agencies**

Valued at the closing price reported on the active market on which the individual securities are traded. Such investments are generally classified within Level 2 of the valuation hierarchy.

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

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***Investments – Fair Value Measurements (Continued)***

**Mutual Funds**

Mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and ask prices on such exchange. The Borough's interests in mutual funds are categorized by type as equity, fixed income, or alternative investments. Such securities are typically classified within Level 1 of the valuation hierarchy.

The following table sets forth, by level within the fair value hierarchy, the financial assets that were accounted for at fair value on a recurring basis as of December 31, 2016:

|                                          | <b>Fair Value</b> | <b>Quoted Prices<br/>in Active<br/>Markets for<br/>Identical Assets<br/>(Level 1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
|------------------------------------------|-------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------|
| Negotiable certificates of deposit       | \$ 1,443,545      | \$ -                                                                                  | \$ 1,443,545                                                         | \$ -                                                         |
| U.S. Government Agencies                 |                   |                                                                                       |                                                                      |                                                              |
| Ginnie Mae                               | 57                | -                                                                                     | 57                                                                   | -                                                            |
| Mutual funds by type:                    |                   |                                                                                       |                                                                      |                                                              |
| Fixed Income Mutual Funds                | 9,193,937         | 9,193,937                                                                             | -                                                                    | -                                                            |
| Open End                                 | 15,693,720        | 15,693,720                                                                            | -                                                                    | -                                                            |
|                                          | 24,887,657        | 24,887,657                                                                            | -                                                                    | -                                                            |
| Total investments by fair value category | \$ 26,331,259     | \$ 24,887,657                                                                         | \$ 1,443,602                                                         | \$ -                                                         |

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 3 TAXES RECEIVABLE AND DEFERRED REVENUES**

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Property taxes are levied on March 1 for the tax year. Taxes are payable at a 2% discount if paid before May 1 and at a 10% penalty if paid after the due date of June 30. Outstanding real estate taxes are turned over to a delinquent tax collector on January 15 of each year. After proper notification is made to a property owner, a lien is filed on or about May 1 and must remain in effect for a period of two years before a tax sale may occur. Taxes are recorded as revenue by the Borough when received from the tax collector, and accruals are recorded at year-end for taxes expected to be received within 60 days of December 31 in accordance with the modified accrual basis of accounting. The total assessed valuation as of December 31, 2016 is \$ 1,442,756,300.

Taxes receivable consists of the following as of December 31, 2016:

|                                                                                                                                                 |    |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------|
| Real Estate                                                                                                                                     | \$ | 133,109          |
| Fire tax                                                                                                                                        |    | 11,632           |
| LST tax                                                                                                                                         |    | 75,006           |
| Earned Income                                                                                                                                   |    | 554,871          |
| Realty Transfer                                                                                                                                 |    | 33,390           |
| Allowance for uncollectible accounts                                                                                                            |    | <u>(13,640)</u>  |
| Taxes receivable                                                                                                                                |    | 794,368          |
| Taxes collected within sixty days, recorded as revenues in the governmental funds                                                               |    | <u>(342,410)</u> |
| Taxes estimated to be collected after sixty days, recorded as deferred inflows of resources - unavailable tax revenue in the governmental funds | \$ | <u>451,958</u>   |

**NOTE 4 INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS**

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Due from/to other funds consist of the following as of December 31, 2016:

|                                   | <b>Due from<br/>Other Funds</b> | <b>Due To Other<br/>Funds</b> |
|-----------------------------------|---------------------------------|-------------------------------|
| Major Governmental Funds:         |                                 |                               |
| General Fund                      | \$ 392,856                      | \$ 24,003                     |
| Non-major Governmental Funds:     |                                 |                               |
| Community Development Block Grant | -                               | 120,809                       |
| Asset Forfeiture                  | -                               | 25,550                        |
| Major Enterprise Funds:           |                                 |                               |
| Water Fund                        | 43,640                          | 29,023                        |
| Sewer Fund                        | -                               | 36,240                        |
| Parking Fund                      | -                               | 24,330                        |
| Non-major Enterprise Funds:       |                                 |                               |
| Solid Waste Fund                  | -                               | 105,000                       |
| Municipal Authority               | 29,023                          | 79,879                        |
| Fiduciary Funds:                  |                                 |                               |
| Cemetery Trust Fund               | -                               | 20,685                        |
|                                   | <u>\$ 465,519</u>               | <u>\$ 465,519</u>             |

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 4 INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (CONTINUED)**

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The due to/due from amounts resulted from the following:

**Enterprise Funds to Enterprise Funds:** for invoices paid by a fund on behalf of another fund that is to be reimbursed.

**General Fund and Municipal Authority to Enterprise Funds:** for payment due from the Municipal Authority for water usage, and various reconciling items, including payroll.

**Non-major Governmental Funds to General Fund:** for projects eligible under the Community Development Block Grant and budgeted allocation for asset forfeiture.

**Fiduciary fund to General Fund:** for purchase of a cemetery wall to be repaid by the cemetery fund.

Interfund transfers consist of the following for 2016:

|                                        | <b>Transfers In</b> | <b>Transfers Out</b> |
|----------------------------------------|---------------------|----------------------|
| Major Governmental Funds:              |                     |                      |
| General Fund                           | \$ 190,569          | \$ -                 |
| Non-major Governmental Funds:          |                     |                      |
| Community Development Block Grant Fund | -                   | 165,019              |
| Asset Forfeiture Fund                  | -                   | 25,550               |
| Major Proprietary Funds:               |                     |                      |
| Water Fund                             | 28,181              | -                    |
| Sewer Fund                             | -                   | 28,181               |
|                                        | <u>\$ 218,750</u>   | <u>\$ 218,750</u>    |

The following transfers were made during the year:

**CDBG to General:** for reimbursement of projects eligible under the Community Development Block Grant program.

**Asset forfeiture to General:** to reimburse General Fund for expenditures to be covered by Asset Forfeiture funds.

**Sewer to Water:** for one-half of costs of meter maintenance.

**BOROUGH OF CARLISLE**  
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**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the Borough consists of the following as of and for the year ended December 31, 2016:

|                                      | <b>Beginning<br/>Balance</b> | <b>Additions</b>           | <b>Deletions</b>           | <b>Ending<br/>Balance</b>   |
|--------------------------------------|------------------------------|----------------------------|----------------------------|-----------------------------|
| <b>Governmental Activities:</b>      |                              |                            |                            |                             |
| Cost:                                |                              |                            |                            |                             |
| Capital assets not being depreciated |                              |                            |                            |                             |
| Land                                 | \$ 1,137,933                 | \$ -                       | \$ -                       | \$ 1,137,933                |
| Construction-in-progress (1)         | 1,219,712                    | 1,378,011                  | (700,351)                  | 1,897,372                   |
| Capital assets                       |                              |                            |                            |                             |
| Land improvements                    | 6,707,956                    | 434,049                    | -                          | 7,142,005                   |
| Buildings                            | 9,577,654                    | 6,230                      | -                          | 9,583,884                   |
| Machinery and equipment              | 8,805,613                    | 792,022                    | (769,403)                  | 8,828,232                   |
| Infrastructure                       | <u>44,277,831</u>            | <u>-</u>                   | <u>-</u>                   | <u>44,277,831</u>           |
| Total cost                           | <u>71,726,699</u>            | <u>2,610,312</u>           | <u>(1,469,754)</u>         | <u>72,867,257</u>           |
| Less accumulated depreciation:       |                              |                            |                            |                             |
| Land improvements                    | (2,204,191)                  | (169,852)                  | -                          | (2,374,043)                 |
| Buildings                            | (5,345,420)                  | (330,407)                  | -                          | (5,675,827)                 |
| Machinery and equipment              | (7,538,743)                  | (338,522)                  | 769,403                    | (7,107,862)                 |
| Infrastructure                       | <u>(39,185,021)</u>          | <u>(427,739)</u>           | <u>-</u>                   | <u>(39,612,760)</u>         |
| Total accumulated depreciation       | <u>(54,273,375)</u>          | <u>(1,266,520)</u>         | <u>769,403</u>             | <u>(54,770,492)</u>         |
| <b>Capital assets, net</b>           | <b><u>\$ 17,453,324</u></b>  | <b><u>\$ 1,343,792</u></b> | <b><u>(\$ 700,351)</u></b> | <b><u>\$ 18,096,765</u></b> |
| <b>Business -Type Activities:</b>    |                              |                            |                            |                             |
| Cost:                                |                              |                            |                            |                             |
| Capital assets not being depreciated |                              |                            |                            |                             |
| Land                                 | \$ 504,102                   | \$ -                       | \$ -                       | \$ 504,102                  |
| Construction-in-progress (1)         | 1,087,949                    | 2,995,280                  | -                          | 4,083,229                   |
| Capital assets                       |                              |                            |                            |                             |
| Land improvements                    | 4,236,832                    | 87,402                     | -                          | 4,324,234                   |
| Buildings                            | 43,231,205                   | 224,167                    | -                          | 43,455,372                  |
| Machinery and equipment              | 33,395,381                   | 588,547                    | (106,445)                  | 33,877,483                  |
| Pipe                                 | <u>11,104,718</u>            | <u>-</u>                   | <u>-</u>                   | <u>11,104,718</u>           |
| Total cost                           | <u>93,560,187</u>            | <u>3,895,396</u>           | <u>(106,445)</u>           | <u>97,349,138</u>           |
| Less accumulated depreciation:       |                              |                            |                            |                             |
| Land improvements                    | (1,744,976)                  | (88,044)                   | -                          | (1,833,020)                 |
| Buildings                            | (31,427,956)                 | (761,034)                  | -                          | (32,188,990)                |
| Machinery and equipment              | (12,033,392)                 | (1,702,779)                | 106,445                    | (13,629,726)                |
| Pipe                                 | <u>(11,057,773)</u>          | <u>(19,478)</u>            | <u>-</u>                   | <u>(11,077,251)</u>         |
| Total accumulated depreciation       | <u>(56,264,097)</u>          | <u>(2,571,335)</u>         | <u>106,445</u>             | <u>(58,728,987)</u>         |
| <b>Capital assets, net</b>           | <b><u>\$ 37,296,090</u></b>  | <b><u>\$ 1,324,061</u></b> | <b><u>\$ -</u></b>         | <b><u>\$ 38,620,151</u></b> |

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

Depreciation expense for the year ended December 31, 2016 was charged as follows:

|                        | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> |
|------------------------|------------------------------------|-------------------------------------|
| General government     | \$ 95,274                          | \$ -                                |
| Public safety          | 316,398                            | -                                   |
| Public services        | 620,513                            | -                                   |
| Parks and recreation   | 234,335                            | -                                   |
| Water                  | -                                  | 833,149                             |
| Sewer                  | -                                  | 1,622,654                           |
| Parking                | -                                  | 109,184                             |
| Other enterprise funds | -                                  | 6,348                               |
|                        | <u>\$ 1,266,520</u>                | <u>\$ 2,571,335</u>                 |

(1) Ending construction-in-process represents the costs incurred through December 31, 2016 for various capital projects.

**NOTE 6 LONG-TERM LIABILITIES**

The changes in long-term liabilities, excluding the net pension and OPEB obligations, during the year ended December 31, 2016 were as follows:

|                                    | <b>Beginning<br/>Balance</b> | <b>Additions</b>    | <b>Reductions</b>     | <b>Ending<br/>Balance</b> | <b>Current<br/>Portion</b> | <b>Long-term<br/>Portion</b> |
|------------------------------------|------------------------------|---------------------|-----------------------|---------------------------|----------------------------|------------------------------|
| <b>Governmental Activities:</b>    |                              |                     |                       |                           |                            |                              |
| Bonds and notes payable            |                              |                     |                       |                           |                            |                              |
| (A) 2011 GO Bonds                  | \$ 694,625                   | \$ -                | \$ (694,625)          | \$ -                      | \$ -                       | -                            |
| (B) 2012 GO Note                   | 1,384,236                    | -                   | (60,000)              | 1,324,236                 | 83,000                     | 1,241,236                    |
| (C) 2013 GO Note                   | 2,649,600                    | -                   | (274,703)             | 2,374,897                 | 227,611                    | 2,147,286                    |
| (D) 2014 GO Note                   | 23,120                       | 1,332,764           | (85,000)              | 1,270,884                 | 105,000                    | 1,165,884                    |
| (F) 2016 GO Note                   | -                            | 626,521             | -                     | 626,521                   | 77,170                     | 549,351                      |
| Bond premium                       | 20,268                       | -                   | (20,268)              | -                         | -                          | -                            |
| Subtotal - bonds and notes         | <u>4,771,849</u>             | <u>1,959,285</u>    | <u>(1,134,596)</u>    | <u>5,596,538</u>          | <u>492,781</u>             | <u>5,103,757</u>             |
| Compensated absences               | <u>632,802</u>               | <u>355,952</u>      | <u>(309,243)</u>      | <u>679,511</u>            | <u>227,915</u>             | <u>451,596</u>               |
| <b>Total long-term liabilities</b> | <u>\$ 5,404,651</u>          | <u>\$ 2,315,237</u> | <u>\$ (1,443,839)</u> | <u>\$ 6,276,049</u>       | <u>\$ 720,696</u>          | <u>\$ 5,555,353</u>          |

The General Fund has been used in prior years to liquidate the liabilities for debt, compensated absences, and the net other post-employment benefit obligation in the Governmental Activities.

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

|                                    | Beginning<br>Balance | Additions            | Reductions            | Ending<br>Balance    | Current<br>Portion  | Long-term<br>Portion |
|------------------------------------|----------------------|----------------------|-----------------------|----------------------|---------------------|----------------------|
| <b>Business-Type Activities:</b>   |                      |                      |                       |                      |                     |                      |
| Bonds and notes payable            |                      |                      |                       |                      |                     |                      |
| (A) Water 2011 GO Bonds            | \$ 1,663,289         | \$ -                 | \$ (1,663,289)        | \$ -                 | \$ -                | \$ -                 |
| (B) Water 2012 GO Note             | 2,256,105            | -                    | (129,000)             | 2,127,105            | 120,000             | 2,007,105            |
| (C) Water 2013 GO Note             | 1,900,183            | -                    | (197,008)             | 1,703,175            | 163,233             | 1,539,942            |
| (D) Water 2014 GO Note             | 228,471              | 2,182,886            | (73,000)              | 2,338,357            | 95,000              | 2,243,357            |
| (F) Water 2016 GO Note             | -                    | 1,500,227            | -                     | 1,500,227            | 184,786             | 1,315,441            |
| (A) Sewer 2011 GO Bonds            | 5,432,654            | -                    | (5,432,654)           | -                    | -                   | -                    |
| (B) Sewer 2012 GO Note             | 1,414,659            | -                    | (51,000)              | 1,363,659            | 52,000              | 1,311,659            |
| (C) Sewer 2013 GO Note             | 1,587,846            | -                    | (164,623)             | 1,423,223            | 136,402             | 1,286,821            |
| (D) Sewer 2014 GO Note             | 312,475              | 2,920,285            | (102,000)             | 3,130,760            | 41,000              | 3,089,760            |
| (E) Sewer 2015 GO Note             | 55,776               | -                    | -                     | 55,776               | 1,000               | 54,776               |
| (F) Sewer 2016 GO Note             | -                    | 4,900,068            | -                     | 4,900,068            | 603,552             | 4,296,516            |
| (A) Parking 2011 GO Bonds          | 94,100               | -                    | (94,100)              | -                    | -                   | -                    |
| (B) Parking 2012 GO Note           | 275,000              | -                    | (45,000)              | 230,000              | 40,000              | 190,000              |
| (C) Parking 2013 GO Note           | 614,100              | -                    | (63,668)              | 550,432              | 52,754              | 497,678              |
| (F) Parking 2016 GO Note           | -                    | 84,873               | -                     | 84,873               | 10,454              | 74,419               |
| (A) Solid Waste 2011 GO Bonds      | 339                  | -                    | (339)                 | -                    | -                   | -                    |
| (F) Solid Waste 2016 Note          | -                    | 311                  | -                     | 311                  | 38                  | 273                  |
| Bond premium                       | 169,078              | -                    | (169,078)             | -                    | -                   | -                    |
| Subtotal - bonds and notes         | <u>16,004,075</u>    | <u>11,588,650</u>    | <u>(8,184,759)</u>    | <u>19,407,966</u>    | <u>1,500,219</u>    | <u>17,907,747</u>    |
| Compensated absences               | <u>263,693</u>       | <u>219,363</u>       | <u>(212,001)</u>      | <u>271,055</u>       | <u>90,915</u>       | <u>180,140</u>       |
| <b>Total long-term liabilities</b> | <u>\$ 16,267,768</u> | <u>\$ 11,808,013</u> | <u>\$ (8,396,760)</u> | <u>\$ 19,679,021</u> | <u>\$ 1,591,134</u> | <u>\$ 18,087,887</u> |

- (A) **General Obligation Bonds Series of 2011** – In June 2011, the Borough issued General Obligation Bonds in the principal amount of \$ 9,665,000 to currently refund the General Obligation Bonds, Series of 2006 and the General Obligation Note, Series of 2008. Semi-annual principal installments varying from \$ 5,000 to \$ 1,185,000 are due beginning February 15, 2012 through August 15, 2026; interest rates vary from 3.0% to 4.0%. The note was refunded in 2016.
- (B) **General Obligation Note Series of 2012** – In December 2012, the Borough authorized a General Obligation Note in the principal amount of \$ 5,900,000 for the purpose of providing funds for a portion of the Borough's Capital Improvement Plan. Annual installments varying from \$ 138,000 to \$ 1,278,000 are due beginning June 12, 2013 through December 12, 2025, with a fixed interest rate of 2.31% from the date of issuance through December 12, 2022, then 66% of the Wall Street Journal Prime rate less .25% to float with a floor of 1.98% and a cap of 2.64%.
- (C) **General Obligation Note Series of 2013** – In November 2013, the Borough authorized a General Obligation Note in the principal amount of \$ 8,250,000 to currently refund the General Obligation Note Series of 2010. Annual installments varying from \$ 445,000 to \$ 1,235,000 are due beginning April 1, 2014 through October 1, 2023, with a fixed interest rate of 2.5% from the date of issuance through October 1, 2020, then 65% of the Wall Street Journal Prime rate with a floor of 2.10% and a cap of 4.70%.

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

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- (D) **General Obligation Note Series of 2014** – In September 2014, the Borough authorized a General Obligation Note in the principal amount of \$ 7,000,000 to finance future capital projects. Annual installments varying from \$ 113,000 to \$ 1,804,000 are due beginning October 1, 2016 through October 1, 2029, with a fixed interest rate of 2.5% from the date of issuance through October 1, 2019, then 66% of the Wall Street Journal Prime rate with a floor of 1.98% and a cap of 3.30%.
- (E) **General Obligation Note Series of 2015** – In May 2015, the Borough authorized a General Obligation Note in the principal amount of \$ 5,000,000 to finance future capital projects. Annual installments varying from \$ 1,000 to \$ 647,000 are due beginning May 15, 2017 through May 15, 2035, with a fixed interest rate of 2.46% from the date of issuance through May 15, 2035, then 68% of the Wall Street Journal Prime rate with a cap of 4%. As of December 31, 2016, only \$ 55,776 of the available debt was drawn.
- (F) **General Obligation Note Series of 2016** – In August 2016, the Borough authorized a General Obligation Note in the principal amount of \$ 7,112,000 to currently refund the General Obligation Note Series of 2011. Annual installments varying from \$ 475,000 to \$ 1,256,000 are due beginning August 15, 2017 through August 15, 2026, with a fixed interest rate of 1.76%.

As a result of the refunding, the Borough had the following benefits:

|                    |            |
|--------------------|------------|
| (1) Cash flow gain | \$ 465,150 |
| (2) Economic gain  | \$ 454,861 |

- (1) Represents the difference between the cash flows required to service the old debt and the net debt, less bond issue costs.
- (2) Represents the difference in present values of the old debt and the new debt, less bond issued costs.

During 2016 interest expense was incurred as follows:

|                  |            |
|------------------|------------|
| General fund     | \$ 132,548 |
| Water fund       | 156,823    |
| Sewer fund       | 182,652    |
| Parking fund     | 26,348     |
| Solid waste fund | 1          |

The general obligation bonds and general obligation notes are secured by the full faith, credit, and taxing power of the Borough.

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

The following is a schedule, by years and in the aggregate, of future minimum debt principal and interest payments required at December 31, 2016.

| Governmental Activities |                     |                   | Business-Type Activities |                    |                     |                     |                   |                   |               |              | Total                |  |
|-------------------------|---------------------|-------------------|--------------------------|--------------------|---------------------|---------------------|-------------------|-------------------|---------------|--------------|----------------------|--|
| Year                    |                     |                   | Water                    |                    | Sewer               |                     | Parking           |                   | Solid Waste   |              |                      |  |
|                         | Principal           | Interest          | Principal                | Interest           | Principal           | Interest            | Principal         | Interest          | Principal     | Interest     |                      |  |
| 2017                    | \$ 492,781          | \$ 126,577        | \$ 563,019               | \$ 165,102         | \$ 833,954          | \$ 217,109          | \$ 103,208        | \$ 31,096         | \$ 38         | \$ 5         | \$ 2,532,889         |  |
| 2018                    | 504,473             | 115,506           | 576,165                  | 153,077            | 848,724             | 201,022             | 125,601           | 28,775            | 38            | 5            | 2,553,386            |  |
| 2019                    | 534,279             | 104,213           | 636,183                  | 140,720            | 1,026,019           | 184,627             | 105,464           | 30,224            | 54            | 4            | 2,761,787            |  |
| 2020                    | 532,583             | 104,726           | 618,374                  | 154,673            | 1,009,075           | 205,752             | 136,939           | 21,051            | 30            | 3            | 2,783,206            |  |
| 2021                    | 518,029             | 121,349           | 612,072                  | 161,578            | 1,007,248           | 201,079             | 136,631           | 22,054            | 21            | 3            | 2,780,064            |  |
| 2022 - 2026             | 2,874,509           | 295,238           | 3,347,694                | 507,941            | 5,374,930           | 573,822             | 257,462           | 51,631            | 130           | 7            | 13,283,364           |  |
| 2027 - 2031             | 139,884             | 4,618             | 1,315,357                | 62,822             | 773,536             | 48,383              | -                 | -                 | -             | -            | 2,344,600            |  |
|                         | <u>\$ 5,596,538</u> | <u>\$ 872,227</u> | <u>\$ 7,668,864</u>      | <u>\$1,345,913</u> | <u>\$10,873,486</u> | <u>\$ 1,631,794</u> | <u>\$ 865,305</u> | <u>\$ 184,831</u> | <u>\$ 311</u> | <u>\$ 27</u> | <u>\$ 29,039,296</u> |  |

**NOTE 7 PENSION PLANS**

***Summary of Significant Accounting Policies***

**Plan Description**

The Borough sponsors two single-employer defined benefit retirement plans which cover Non-Uniformed Employees and Police Officers. Plan provisions are established by municipal ordinance with the authority for municipal contributions required by Act 205 of the Commonwealth.

**Plan Membership**

At December 31, 2016, the participation in each plan is as follows:

|                            | Non-Uniform | Police    |
|----------------------------|-------------|-----------|
| <b>Participants:</b>       |             |           |
| Retirees and beneficiaries | 33          | 33        |
| Vested former members      | 18          | 3         |
| Active employees           | <u>75</u>   | <u>28</u> |
| Total                      | <u>126</u>  | <u>64</u> |

**Benefits Provided**

All full-time employees are eligible to participate in the plans. Benefits vest after five years of service for Non-Uniformed employees and after twelve years of service for Police Officers. Non-Uniformed Employees are eligible for retirement after attaining age sixty-two. Eligibility for normal retirement under the Police Officers' plan is attained at age fifty and completion of twenty-five years of service. Benefits under the Non-Uniformed plan are based on 1.4% of average monthly pay times the number of complete years and months of service. Average monthly pay is based upon the highest five full calendar years of base pay out of the last ten full calendar years. Benefits under the Police Officers' pension are based on 50% of average monthly, based upon gross wages for the last thirty-six months of pay plus a service increment of \$ 50 per month upon completion of twenty-six years of service or \$ 100 per month upon completion of twenty-seven years of service. The Non-Uniformed Plan and Police Officers' Plan also include a disability benefit. The Police Officers' Plan also includes survivor benefits.

**NOTE 7 PENSION PLANS (CONTINUED)**

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***Summary of Significant Accounting Policies (Continued)***

**Financial Reports**

There are no separate, audited GAAP-basis pension plan reports for the defined benefit plans, as all necessary information is disclosed herein.

**Contributions**

The Non-Uniformed Employees' plan requires employee contributions of 1.5% and certain department heads are required to contribute 7.7%. The Police Officers' plan requires employee contributions of 5.0% of pay. The Borough is required to contribute the remaining amounts necessary to fund the plans, using the actuarial basis specified by the plan. The employer average contribution rate was 6.30% of annual payroll for the Non-Uniformed Employees' and 15.85% of annual payroll for Police Officers'. The employer contributions for 2016 were \$ 236,956 for the Non-Uniformed plan and \$ 366,745 for the Police Officers'.

Act 205 of the Commonwealth requires that annual contributions be based on the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based on the biennial actuarial valuation also required by Act 205. Employees are not required to contribute under Act 205; such contributions are subject to collective bargaining. The Commonwealth allocates foreign fire and casualty premiums to assist in pension funding. Any financial requirement above the Commonwealth allocation made must be funded by the Borough.

Administrative costs, including investment services, custodial trustee and actuarial services are charged to the appropriate plan and funded from investment earnings.

***Investments***

**Method Used to Value Investments**

Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. Fair value is determined by quoted market price.

**Rate of Return**

For the year ended December 31, 2016, the annual money weighted rate of return on pension investments, net of pension plan investment expense was 5.99% for the Non-Uniformed Employees plan and 5.99% for the Police Officers' plan. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 7 PENSION PLANS (CONTINUED)**

***Summary of Significant Accounting Policies (Continued)***

**Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2016 the Borough reported a liability of \$ 1,677,579 in the Statement of Net Position. The net pension liability was measured as of December 31, 2016, and the total pension liability was determined by rolling forward liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. For the year ended December 31, 2016, the Borough recognized pension expense of \$ 387,311 for the Non-Uniformed plan and \$ 623,323 for the Police Officers' plan.

The following details the changes in net pension liability, the plan fiduciary net position, and the net pension liability, as of December 31, 2016:

**Non-Uniformed Plan**

|                                                                | <b>Increase (Decrease)</b>         |                                            |                                  | <b>Plan Fiduciary<br/>Net Position<br/>as a % of<br/>Total Pension<br/>Liability</b> |
|----------------------------------------------------------------|------------------------------------|--------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------|
|                                                                | <b>Total Pension<br/>Liability</b> | <b>Plan<br/>Fiduciary<br/>Net Position</b> | <b>Net Pension<br/>Liability</b> |                                                                                      |
|                                                                | <b>(a)</b>                         | <b>(b)</b>                                 | <b>(a)-(b)</b>                   |                                                                                      |
| Balances as of December 31, 2015                               | \$ 9,905,620                       | \$ 9,258,263                               | \$ 647,357                       | 93.46%                                                                               |
| Changes for the year:                                          |                                    |                                            |                                  |                                                                                      |
| Service cost                                                   | 221,719                            | -                                          | 221,719                          |                                                                                      |
| Interest                                                       | 747,909                            | -                                          | 747,909                          |                                                                                      |
| Changes in benefits                                            | -                                  | -                                          | -                                |                                                                                      |
| Changes of assumptions                                         | -                                  | -                                          | -                                |                                                                                      |
| Differences in expected and actual experience                  | -                                  | -                                          | -                                |                                                                                      |
| Contributions - employer                                       | -                                  | 236,956                                    | (236,956)                        |                                                                                      |
| Contributions - employee                                       | -                                  | 60,567                                     | (60,567)                         |                                                                                      |
| Net investment income                                          | -                                  | 561,253                                    | (561,253)                        |                                                                                      |
| Benefit payments, including refunds of<br>member contributions | (310,433)                          | (310,433)                                  | -                                |                                                                                      |
| Administrative expenses                                        | -                                  | (12,265)                                   | 12,265                           |                                                                                      |
| Net Changes                                                    | 659,195                            | 536,078                                    | 123,117                          |                                                                                      |
| Balances as of December 31, 2016                               | <u>\$ 10,564,815</u>               | <u>\$ 9,794,341</u>                        | <u>\$ 770,474</u>                | 92.71%                                                                               |

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 7 PENSION PLANS (CONTINUED)**

***Summary of Significant Accounting Policies (Continued)***

**Police Officers' Plan**

|                                                                | <b>Increase (Decrease)</b>         |                                            |                                  | <b>Plan Fiduciary<br/>Net Position<br/>as a % of<br/>Total Pension<br/>Liability</b> |
|----------------------------------------------------------------|------------------------------------|--------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------|
|                                                                | <b>Total Pension<br/>Liability</b> | <b>Plan<br/>Fiduciary<br/>Net Position</b> | <b>Net Pension<br/>Liability</b> |                                                                                      |
|                                                                | <b>(a)</b>                         | <b>(b)</b>                                 | <b>(a)-(b)</b>                   |                                                                                      |
| Balances as of December 31, 2015                               | \$ 15,428,504                      | \$ 14,741,784                              | \$ 686,720                       | 95.55%                                                                               |
| Changes for the year:                                          |                                    |                                            |                                  |                                                                                      |
| Service cost                                                   | 417,934                            | -                                          | 417,934                          |                                                                                      |
| Interest                                                       | 1,153,982                          | -                                          | 1,153,982                        |                                                                                      |
| Changes in benefits                                            | -                                  | -                                          | -                                |                                                                                      |
| Changes of assumptions                                         | -                                  | -                                          | -                                |                                                                                      |
| Differences in expected and actual experience                  | -                                  | -                                          | -                                |                                                                                      |
| Contributions - employer                                       | -                                  | 366,745                                    | (366,745)                        |                                                                                      |
| Contributions - employee                                       | -                                  | 123,465                                    | (123,465)                        |                                                                                      |
| Net investment income                                          | -                                  | 877,246                                    | (877,246)                        |                                                                                      |
| Benefit payments, including refunds of<br>member contributions | (920,018)                          | (920,018)                                  | -                                |                                                                                      |
| Administrative expenses                                        | -                                  | (15,925)                                   | 15,925                           |                                                                                      |
| Net Changes                                                    | <u>651,898</u>                     | <u>431,513</u>                             | <u>220,385</u>                   |                                                                                      |
| Balances as of December 31, 2016                               | <u>\$ 16,080,402</u>               | <u>\$ 15,173,297</u>                       | <u>\$ 907,105</u>                | 94.36%                                                                               |

At December 31, 2016, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                        | <b>Non-Uniformed</b>                          |                                              | <b>Police</b>                                 |                                              | <b>Total</b>                                  |                                              |
|----------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|-----------------------------------------------|----------------------------------------------|-----------------------------------------------|----------------------------------------------|
|                                                                                        | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Differences between expected<br>and actual experience                                  | \$ 26,157                                     | \$ -                                         | \$ 6,012                                      | \$ -                                         | \$ 32,169                                     | \$ -                                         |
| Change in proportions -<br>governmental activities/business-<br>type activities        | 10,500                                        | 10,500                                       | -                                             | -                                            | 10,500                                        | 10,500                                       |
| Net difference between projected<br>and actual earnings on pension<br>plan investments | <u>488,975</u>                                | <u>-</u>                                     | <u>782,324</u>                                | <u>-</u>                                     | <u>1,271,299</u>                              | <u>-</u>                                     |
|                                                                                        | <u>\$ 525,632</u>                             | <u>\$ 10,500</u>                             | <u>\$ 788,336</u>                             | <u>\$ -</u>                                  | <u>\$ 1,313,968</u>                           | <u>\$ 10,500</u>                             |

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 7 PENSION PLANS (CONTINUED)**

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***Summary of Significant Accounting Policies (Continued)***

The amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

| <b>Year Ended December 31:</b> | <b>Non-Uniformed</b> | <b>Police</b>     | <b>Total</b>        |
|--------------------------------|----------------------|-------------------|---------------------|
| 2017                           | \$ 159,411           | \$ 247,866        | \$ 407,277          |
| 2018                           | 159,411              | 247,866           | 407,277             |
| 2019                           | 159,411              | 247,866           | 407,277             |
| 2020                           | 31,666               | 43,537            | 75,203              |
| 2021                           | 5,233                | 1,201             | 6,434               |
|                                | <u>\$ 515,132</u>    | <u>\$ 788,336</u> | <u>\$ 1,303,468</u> |

***Actuarial Methods and Assumptions***

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

|                                                 | <b>Non-Uniform</b> | <b>Police</b> |
|-------------------------------------------------|--------------------|---------------|
| Inflation                                       | 3.00%              | 3.00%         |
| Salary increases (average, including inflation) | 4.50%              | 5.50%         |
| Investment rate of return (including inflation) | 7.50%              | 7.50%         |
| Postretirement cost of living increases         | None               | None          |

Mortality rates were based on the RP2000 Table for males and females. This table does not include projected mortality improvements.

**Valuation Date**

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

The actuarial assumptions used in the January 1, 2015 valuation were based on actual experience study for the period January 1, 2013 through December 31, 2014.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. The pension plans' policy in regards to the allocation of invested assets is established and may be amended by the investment

**NOTE 7 PENSION PLANS (CONTINUED)**

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***Actuarial Methods and Assumptions (Continued)***

**Long-Term Expected Rate of Return (Continued)**

committee. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of December 31, 2016 are summarized in the following table for both pension plans:

| <b>Asset Class</b>   | <b>Target Allocation</b> | <b>Long-term Expected Real Rate of Return</b> |
|----------------------|--------------------------|-----------------------------------------------|
| Domestic equity      | 39.00%                   | 5.50% - 7.50%                                 |
| International equity | 17.00%                   | 4.50% - 6.50%                                 |
| Real estate          | 38.00%                   | 4.50% - 6.50%                                 |
| Fixed income         | 6.00%                    | 1.00% - 3.00%                                 |
| Cash                 | 0.00%                    | 0.00% - 1.00%                                 |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50% for both pension plans. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. 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. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**Sensitivity of the Net Pension Liability to Changes to the Discount Rate**

The following presents the net pension liability of the plans, calculated using the discount rate of 7.50%, as well as what the Borough's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) and 1 percentage point higher (8.50 percent) than the current rate:

|                                        | <b>1% Decrease<br/>(6.50%)</b> | <b>Current<br/>Discount<br/>Rate<br/>(7.50%)</b> | <b>1% Increase<br/>(8.50%)</b> |
|----------------------------------------|--------------------------------|--------------------------------------------------|--------------------------------|
| Non-Uniform Net Pension Liability      | \$ 1,977,569                   | \$ 770,474                                       | (\$ 268,648)                   |
| Police Officers' Net Pension Liability | \$ 2,790,772                   | \$ 907,105                                       | (\$ 680,947)                   |

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 7 PENSION PLANS (CONTINUED)**

***Financial Statements***

The following provides detailed financial statements as of and for the year ended December 31, 2016 for the individual pension plans maintained by the Borough:

**Combining Statement of Fiduciary Net Position**

|                                      | <b>Police Pension<br/>Trust Fund</b> | <b>Non-Uniformed<br/>Pension Trust<br/>Fund</b> | <b>Management<br/>Pension Fund</b> | <b>Total Pension<br/>Trust Funds</b> |
|--------------------------------------|--------------------------------------|-------------------------------------------------|------------------------------------|--------------------------------------|
| <b>ASSETS</b>                        |                                      |                                                 |                                    |                                      |
| Cash and cash equivalents            | \$ 329,503                           | \$ 219,676                                      | \$ 27,575                          | \$ 576,754                           |
| Accrued interest receivable          | 81                                   | 55                                              | -                                  | 136                                  |
| Accounts receivable                  | 4,456                                | 2,370                                           | -                                  | 6,826                                |
| U.S. Government Agency obligations   | -                                    | 57                                              | -                                  | 57                                   |
| Fixed income mutual funds            | 5,591,470                            | 3,602,467                                       | -                                  | 9,193,937                            |
| Mutual funds - open end              | 9,249,553                            | 5,969,716                                       | 474,451                            | 15,693,720                           |
| Total assets                         | <u>\$ 15,175,063</u>                 | <u>\$ 9,794,341</u>                             | <u>\$ 502,026</u>                  | <u>\$ 25,471,430</u>                 |
| <b>LIABILITIES</b>                   |                                      |                                                 |                                    |                                      |
| Accounts payable                     | \$ 1,767                             | \$ -                                            | \$ -                               | \$ 1,767                             |
| <b>NET POSITION</b>                  |                                      |                                                 |                                    |                                      |
| Net position restricted for pensions | 15,173,296                           | 9,794,341                                       | 502,026                            | 25,469,663                           |
| Total liabilities and net position   | <u>\$ 15,175,063</u>                 | <u>\$ 9,794,341</u>                             | <u>\$ 502,026</u>                  | <u>\$ 25,471,430</u>                 |

**Combining Statement of Changes in Fiduciary Net Position**

|                                           | <b>Police Pension<br/>Trust Fund</b> | <b>Non-Uniformed<br/>Pension Trust<br/>Fund</b> | <b>Management<br/>Pension Fund</b> | <b>Total Pension<br/>Trust Funds</b> |
|-------------------------------------------|--------------------------------------|-------------------------------------------------|------------------------------------|--------------------------------------|
| <b>ADDITIONS</b>                          |                                      |                                                 |                                    |                                      |
| Contributions                             |                                      |                                                 |                                    |                                      |
| Employer                                  | \$ 366,745                           | \$ 236,956                                      | \$ 29,911                          | \$ 633,612                           |
| Plan members                              | 123,470                              | 60,569                                          | -                                  | 184,039                              |
| Total contributions                       | <u>490,215</u>                       | <u>297,525</u>                                  | <u>29,911</u>                      | <u>817,651</u>                       |
| Investment earnings                       |                                      |                                                 |                                    |                                      |
| Net increase in fair value of investments | 598,915                              | 383,335                                         | 37,923                             | 1,020,173                            |
| Interest and dividends                    | 340,668                              | 217,674                                         | -                                  | 558,342                              |
| Investment activity expense               | (44,358)                             | (28,132)                                        | -                                  | (72,490)                             |
| Total net investment earnings             | <u>895,225</u>                       | <u>572,877</u>                                  | <u>37,923</u>                      | <u>1,506,025</u>                     |
| Total additions                           | <u>1,385,440</u>                     | <u>870,402</u>                                  | <u>67,834</u>                      | <u>2,323,676</u>                     |
| <b>DEDUCTIONS</b>                         |                                      |                                                 |                                    |                                      |
| Benefits                                  | 920,018                              | 310,433                                         | 85,056                             | 1,315,507                            |
| Administrative                            | 33,910                               | 23,891                                          | -                                  | 57,801                               |
| Total deductions                          | <u>953,928</u>                       | <u>334,324</u>                                  | <u>85,056</u>                      | <u>1,373,308</u>                     |
| Change in net position                    | 431,512                              | 536,078                                         | (17,222)                           | 950,368                              |
| Net position - beginning                  | <u>14,741,784</u>                    | <u>9,258,263</u>                                | <u>519,248</u>                     | <u>24,519,295</u>                    |
| Net position - ending                     | <u>\$ 15,173,296</u>                 | <u>\$ 9,794,341</u>                             | <u>\$ 502,026</u>                  | <u>\$ 25,469,663</u>                 |

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 8     POSTEMPLOYMENT HEALTHCARE PLAN**

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***Plan Description***

The Borough has a healthcare plan for retired police employees, which is a single employer defined benefit healthcare plan administered by the Borough. The plan provides medical and prescription drug coverage for the retiree and spouse for 18 months. Officers who retire with a minimum age of 50 and have at least 25 years of service (including military buy back time) may elect to be covered by the Borough's health care program. Seventy-five (75%) percent of the cost will be paid by the Borough and twenty-five (25%) percent by the retired officer. An early retirement benefit is provided to a member with 20 or more years of service who terminates employment prior to completion of superannuation retirement age and service requirements and who files a written application for the early retirement benefit with Borough Council. These officers are entitled to participate in the health care plan program where the Borough pays 25% and the officer pays 75% of the premium cost until the retiree reaches age 65 or becomes eligible for Medicare. Health care coverage is defined herein as medical coverage only and does not include vision, dental or any other non-medical insurance coverage. Only those officers hired prior to January 1, 2004, will be eligible for this benefit. The Borough shall provide prospectively to any Police Officer who retired during the period January 2, 2004 through June 30, 2007, and who reaches the age of 65, Blue Cross/Blue Shield or equivalent coverage. Seventy-five (75%) percent of the monthly premium cost will be paid by the Borough and twenty-five (25%) percent by the retired Police Officer. This provision shall not apply to any retirement on or after July 1, 2007.

***Funding Policy***

The contribution requirements of plan members and the Borough are established and may be amended by the Borough. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Borough.

Membership of each plan consisted of the following at January 1, 2015, the date of the latest actuarial valuation:

|                            |           |
|----------------------------|-----------|
| Active participants        | 14        |
| Vested former participants | 3         |
| Retired participants       | <u>9</u>  |
| Total                      | <u>26</u> |

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 8 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

***Annual OPEB Cost and Net OPEB Obligation***

The Borough's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year, the amount contributed to the plan, and changes in the Borough's net OPEB obligation to the plan:

|                                             |    |                |
|---------------------------------------------|----|----------------|
| Annual required contribution (ARC)          | \$ | 212,668        |
| Interest on net OPEB obligation             |    | 32,743         |
| Adjustment to ARC                           |    | (91,957)       |
| Annual OPEB Cost                            |    | 153,454        |
| Employer contributions made - estimated     |    | (68,265)       |
| Increase in net OPEB obligation             |    | 85,189         |
| Net OPEB obligation - beginning of the year |    | 727,627        |
| Net OPEB obligation - end of the year       | \$ | <u>812,816</u> |

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016, 2015, and 2014 are as follows:

| <b>Fiscal Year Ended</b> | <b>Annual OPEB Cost</b> | <b>Percentage of Annual OPEB Cost Contributed</b> | <b>Net OPEB Obligation</b> |
|--------------------------|-------------------------|---------------------------------------------------|----------------------------|
| 2016                     | \$ 153,454              | 44%                                               | \$ 812,816                 |
| 2015                     | \$ 160,476              | 46%                                               | \$ 727,627                 |
| 2014                     | \$ 145,646              | 36%                                               | \$ 641,334                 |

***Funded Status and Funding Progress***

As of January 1, 2015, the most recent actuarial valuation date, the plan had the following funding status and progress:

| <b>Valuation Date</b> | <b>Actuarial Value of Assets</b> | <b>Actuarial Accrued Liability (AAL) - Entry Age</b> | <b>Unfunded AAL (UAAL)</b> | <b>Funded Ratio</b> | <b>Covered Payroll</b> | <b>UAAL as a Percentage of Covered Payroll</b> |
|-----------------------|----------------------------------|------------------------------------------------------|----------------------------|---------------------|------------------------|------------------------------------------------|
| 01/01/15              | \$ -                             | \$ 1,456,374                                         | \$ 1,456,374               | 0.00%               | \$ 1,207,469           | 120.61%                                        |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared

**NOTE 8    POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

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***Funded Status and Funding Progress (Continued)***

with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumption included a 4.5% investment rate of return (net of administrative expenses), an inflation rate of 4.0%, an annual healthcare cost trend rate of 6% in 2015, and 5.5% in 2016 through 2020 and a 50% election rate for eligible participants. The actuarial value of assets was based on the fair value of assets, of which there are none. The UAAL is being amortized based on a level dollar 10-year open period.

**NOTE 9    DEFINED CONTRIBUTION PLANS**

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The Borough has a 401(a) Qualified Plan for management personnel and a 457(g) Qualified Plan with the International City/County Management Association Retirement Corporation (ICMA-RC). These defined contribution plans require the Borough to contribute 6% and 2%, respectively, of wages for each participating employee into the plan. Total employer contributions for 2016 were \$ 40,102.

**NOTE 10    RISK MANAGEMENT - CLAIMS AND JUDGMENTS**

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The Borough's risk management activities are recorded in the General Fund, which administers auto liability, auto physical damage, general liability, law enforcement liability, public official, and real and personal property insurance programs of the Borough. The Borough pays the first \$ 1,000 of claims annually for each type of insurance. Significant losses (greater than \$ 1,000) are covered by commercial insurance. For insured programs, there have been no significant reductions in insurance coverage. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The Borough is part of the Pennsylvania Municipal Health Insurance Cooperative (PMHIC). This trust consists of a group of municipalities that have pooled their interests in order to establish a self-funded insurance plan in order to better control insurance rates. The Borough pays a premium to PHMIC that consists of a portion for actual claim expenses, administrative costs, reinsurance costs and a reserve account. At year end, the actual claims of the Borough are reviewed and the reserve account is used to fund any excess claims for the Borough over premiums paid during the year. If any funds remain in the reserve account, 30% of the

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 10 RISK MANAGEMENT - CLAIMS AND JUDGMENTS (CONTINUED)**

total reserve balance could possibly be used to fund claim overages for the trust. A reinsurance policy is used to pay any additional excess claims. Therefore, the expense reported by the Borough is limited to the premiums paid during the year. Any potential refund of the reserve account is calculated and received by the Borough several months after year end. Total payments by the Borough to PHMIC during 2016 were \$ 1,751,924. During 2016, the Borough received \$ 319,600 from PMHIC as a refund for prior premiums paid.

**NOTE 11 GOVERNMENTAL FUNDS – FUND BALANCE**

The following table provides detail of the fund balance classifications which are aggregated on the governmental funds balance sheet:

|                                      | General<br>Fund     | Highway Aid<br>Fund | Asset<br>Forfeiture<br>Fund | Total<br>Governmental<br>Funds |
|--------------------------------------|---------------------|---------------------|-----------------------------|--------------------------------|
| <b>FUND BALANCES</b>                 |                     |                     |                             |                                |
| Nonspendable:                        |                     |                     |                             |                                |
| Inventories                          | \$ 81,244           | \$ -                | \$ -                        | \$ 81,244                      |
| Prepaid expenditures                 | 33,818              | -                   | -                           | 33,818                         |
| Long term receivables                | 200,000             | -                   | -                           | 200,000                        |
|                                      | <u>315,062</u>      | <u>-</u>            | <u>-</u>                    | <u>315,062</u>                 |
| Restricted for:                      |                     |                     |                             |                                |
| LLEBG grant                          | 2,941               | -                   | -                           | 2,941                          |
| 300th Celebration                    | 841                 | -                   | -                           | 841                            |
| Fireworks                            | 1,346               | -                   | -                           | 1,346                          |
| Future capital projects              | 1,114,147           | -                   | -                           | 1,114,147                      |
| Letort Park project                  | 49,321              | -                   | -                           | 49,321                         |
| Shaffer Cabin                        | 57,223              | -                   | -                           | 57,223                         |
| Berm project                         | 456,700             | -                   | -                           | 456,700                        |
| Highway department                   | -                   | 1,153,481           | -                           | 1,153,481                      |
| Asset Forfeiture/future police       | -                   | -                   | 52,319                      | 52,319                         |
|                                      | <u>1,682,519</u>    | <u>1,153,481</u>    | <u>52,319</u>               | <u>2,888,319</u>               |
| Committed for:                       |                     |                     |                             |                                |
| Recreation                           | 93,701              | -                   | -                           | 93,701                         |
| Other post-employment benefit plan   | 500,000             | -                   | -                           | 500,000                        |
| Urban plan                           | 688,571             | -                   | -                           | 688,571                        |
| Stormwater project                   | 250,000             | -                   | -                           | 250,000                        |
| Other capital projects               | 1,000,000           | -                   | -                           | 1,000,000                      |
| TIF Plan                             | 1,333,234           | -                   | -                           | 1,333,234                      |
|                                      | <u>3,865,506</u>    | <u>-</u>            | <u>-</u>                    | <u>3,865,506</u>               |
| Assigned for:                        |                     |                     |                             |                                |
| Road diet project                    | 25,000              | -                   | -                           | 25,000                         |
| Comprehensive plan                   | 43,550              | -                   | -                           | 43,550                         |
| Future employee benefit expenditures | 360,663             | -                   | -                           | 360,663                        |
|                                      | <u>429,213</u>      | <u>-</u>            | <u>-</u>                    | <u>429,213</u>                 |
| Unassigned fund balance              | <u>888,381</u>      | <u>-</u>            | <u>-</u>                    | <u>888,381</u>                 |
| Total fund balances                  | <u>\$ 7,180,681</u> | <u>\$ 1,153,481</u> | <u>\$ 52,319</u>            | <u>\$ 8,386,481</u>            |

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 12 OPERATING LEASES**

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The Borough has entered into noncancelable operating leases of office equipment with the following future minimum payments:

|      | <b>General Fund</b> | <b>Water Fund</b> | <b>Sewer Fund</b> | <b>Parking Fund</b> | <b>Solid Waste Fund</b> |
|------|---------------------|-------------------|-------------------|---------------------|-------------------------|
| 2017 | 7,445               | 4,250             | 4,847             | 191                 | 121                     |
| 2018 | 7,445               | 4,250             | 4,847             | 191                 | 121                     |
| 2019 | 4,003               | 2,123             | 2,471             | 113                 | 60                      |
|      | <u>\$ 18,893</u>    | <u>\$ 10,623</u>  | <u>\$ 12,165</u>  | <u>\$ 495</u>       | <u>\$ 302</u>           |

Total rent expense for the year ended December 31, 2016 was \$ 16,854, which includes necessary supplies to operate the leased equipment.

**NOTE 13 LEASE INCOME**

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The Borough has various operating leases, including the rental of the Community Center and numerous cell tower leases. The terms of the leases vary from two years to twenty years. Future minimum lease rentals under these leases by fiscal year for the next five years are as follows:

|      |                   |
|------|-------------------|
| 2017 | 150,262           |
| 2018 | 155,771           |
| 2019 | 161,495           |
| 2020 | 167,442           |
| 2021 | <u>173,623</u>    |
|      | <u>\$ 808,593</u> |

Rental income for the year ended December 31, 2016 was \$ 146,943.

**NOTE 14 LOANS RECEIVABLE**

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The Borough has entered into a loan receivable with a local limited partnership in the amount of \$ 200,000. The payment on this receivable is deferred for 30 years after placement in service of the project, but no later than December 31, 2036. This is a non-interest-bearing loan. Management expects this loan to be paid within the specified payment period, thus no allowance has been established.

**BOROUGH OF CARLISLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 15 COMMITMENTS**

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The Borough has the following significant commitments for projects open at December 31, 2016:

|                                         | <b>Commitment</b> | <b>Costs Incurred<br/>as of 12/31/16</b> |
|-----------------------------------------|-------------------|------------------------------------------|
| Sewer system rehabilitation program     | \$ 3,342,396      | \$ 2,657,636                             |
| West End Trail                          | 920,000           | 636,810                                  |
| Urbank redevelopment plan               | 1,091,468         | 414,758                                  |
| Valley Meadows park improvement project | 26,000            | 23,300                                   |
| Water system rehabilitation             | 183,300           | 89,363                                   |

**NOTE 16 CONTINGENCIES**

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The Borough is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the Borough. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the Borough.

The Borough is involved with various lawsuits in the normal course of operations. In most cases, management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Management believes that losses resulting from these matters, if any, would be substantially covered under the Borough's professional liability insurance policy and would not have a material effect on the financial position of the Borough.

The Borough is currently in a legal dispute with a former employee regarding their termination. At this time, an estimate for any potential liability is undeterminable.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# BOROUGH OF CARLISLE

## Pension Plans

### Unaudited Schedule of Changes in the Borough's Net Pension Liability and Related Ratios

|                                                                            | Non-Uniform  |              |              | Police        |               |               |
|----------------------------------------------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|
|                                                                            | 2016         | 2015         | 2014         | 2016          | 2015          | 2014          |
| <b>Total pension liability</b>                                             |              |              |              |               |               |               |
| Service cost                                                               | \$ 221,719   | \$ 212,171   | \$ 245,209   | \$ 417,934    | \$ 396,146    | \$ 320,436    |
| Interest                                                                   | 747,909      | 700,526      | 648,774      | 1,153,982     | 1,104,822     | 1,055,036     |
| Differences in expected and actual experience                              | -            | 36,620       | -            | -             | 8,417         | -             |
| Changes in benefit terms                                                   | -            | 58,558       | -            | -             | -             | -             |
| Benefit payments, including refunds of member contributions                | (310,433)    | (270,515)    | (261,668)    | (920,018)     | (814,561)     | (777,007)     |
| Net change in total pension liability                                      | 659,195      | 737,360      | 632,315      | 651,898       | 694,824       | 598,465       |
| Total pension liability - beginning                                        | 9,905,620    | 9,168,260    | 8,535,945    | 15,428,504    | 14,733,680    | 14,135,215    |
| Total pension liability - ending                                           | 10,564,815   | 9,905,620    | 9,168,260    | 16,080,402    | 15,428,504    | 14,733,680    |
| <b>Plan fiduciary net position</b>                                         |              |              |              |               |               |               |
| Contributions - employer                                                   | 236,956      | 252,045      | 257,595      | 366,745       | 375,632       | 364,683       |
| Contributions - employee                                                   | 60,567       | 63,430       | 64,246       | 123,465       | 156,131       | 143,458       |
| Net investment income                                                      | 561,253      | 50,483       | 428,727      | 877,246       | 88,359        | 703,663       |
| Benefit payments, including refunds of member contributions                | (310,433)    | (270,515)    | (261,668)    | (920,018)     | (814,561)     | (777,007)     |
| Administrative expenses                                                    | (12,265)     | (8,250)      | (6,750)      | (15,925)      | (10,425)      | (6,825)       |
| Other                                                                      | -            | -            | -            | -             | -             | -             |
| Net change in plan fiduciary net position                                  | 536,078      | 87,193       | 482,150      | 431,513       | (204,864)     | 427,972       |
| Plan fiduciary net position - beginning                                    | 9,258,263    | 9,171,070    | 8,688,920    | 14,741,784    | 14,946,648    | 14,518,676    |
| Plan fiduciary net position - ending                                       | \$ 9,794,341 | \$ 9,258,263 | \$ 9,171,070 | \$ 15,173,297 | \$ 14,741,784 | \$ 14,946,648 |
| Borough's net pension liability (asset)                                    | \$ 770,474   | \$ 647,357   | \$ (2,810)   | \$ 907,105    | \$ 686,720    | \$ (212,968)  |
| Plan fiduciary net position as a percentage of the total pension liability | 92.71%       | 93.46%       | 100.03%      | 94.36%        | 95.55%        | 101.45%       |
| Covered-employee payroll                                                   | \$ 3,761,742 | \$ 3,523,157 | \$ 3,946,610 | \$ 2,314,077  | \$ 2,456,952  | \$ 2,388,137  |
| Net pension liability (asset) as a percentage of covered-employee payroll  | 20.48%       | 18.37%       | (0.07%)      | 39.20%        | 27.95%        | (8.92%)       |

This schedule will be expanded to show multi-year trends as additional information becomes available in the future.

**BOROUGH OF CARLISLE**  
**Pension Plans**  
**Unaudited Schedule of Borough Contributions**  
**Last 10 Fiscal Years**

**Non-Uniform**

|                                                                      | 2016               | 2015         | 2014            | 2013         | 2012         | 2011               | 2010              | 2009         | 2008         | 2007         |
|----------------------------------------------------------------------|--------------------|--------------|-----------------|--------------|--------------|--------------------|-------------------|--------------|--------------|--------------|
| Actuarially determined contribution                                  | \$ 213,605         | \$ 252,045   | \$ 257,490      | \$ 263,093   | \$ 328,646   | \$ 291,611         | \$ 276,963        | \$ 276,608   | \$ 251,552   | \$ 249,684   |
| Contributions in relation to the actuarially determined contribution | 236,956            | 252,045      | 257,595         | 263,093      | 328,646      | 314,327            | 286,313           | 276,608      | 251,552      | 249,684      |
| Contribution deficiency (excess)                                     | <u>\$ (23,351)</u> | <u>\$ -</u>  | <u>\$ (105)</u> | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ (22,716)</u> | <u>\$ (9,350)</u> | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |
| Covered-employee payroll                                             | \$ 3,761,742       | \$ 3,523,157 | \$ 3,946,610    | \$ 3,820,912 | \$ 3,867,737 | \$ 3,862,585       | \$ 3,786,596      | \$ 3,607,692 | \$ 3,646,295 | \$ 3,423,539 |
| Contributions as a percentage of covered-employee payroll            | 6.30%              | 7.15%        | 6.53%           | 6.89%        | 8.50%        | 8.14%              | 7.56%             | 7.67%        | 6.90%        | 7.29%        |

**Police**

|                                                                      | 2015               | 2015         | 2014            | 2013         | 2012         | 2011          | 2010         | 2009         | 2008         | 2007         |
|----------------------------------------------------------------------|--------------------|--------------|-----------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution                                  | \$ 330,063         | \$ 375,632   | \$ 363,969      | \$ 402,029   | \$ 399,045   | \$ 509,211    | \$ 413,733   | \$ 397,145   | \$ 294,590   | \$ 272,997   |
| Contributions in relation to the actuarially determined contribution | 366,745            | 375,632      | 364,683         | 402,029      | 399,045      | 509,212       | 413,733      | 397,145      | 294,590      | 272,997      |
| Contribution deficiency (excess)                                     | <u>\$ (36,682)</u> | <u>\$ -</u>  | <u>\$ (714)</u> | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ (1)</u> | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |
| Covered-employee payroll                                             | \$ 2,314,077       | \$ 2,456,952 | \$ 2,388,137    | \$ 2,268,154 | \$ 2,169,400 | \$ 2,422,422  | \$ 2,323,125 | \$ 2,331,736 | \$ 2,270,416 | \$ 2,018,815 |
| Contributions as a percentage of covered-employee payroll            | 15.85%             | 15.29%       | 15.27%          | 17.72%       | 18.39%       | 21.02%        | 17.81%       | 17.03%       | 12.98%       | 13.52%       |

**Notes to Schedule**

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, two to five years prior to the end of the fiscal year on which the contributions are reported.

Methods and assumptions used to determine contribution rates:

|                           |                                                                             |
|---------------------------|-----------------------------------------------------------------------------|
| Actuarial cost method     | Entry age normal                                                            |
| Amortization method       | Level dollar closed                                                         |
| Amortization period       | Non-Uniform - 4 years                                                       |
|                           | Police - N/A                                                                |
| Asset valuation method    | Market value of assets as determined by the trustee.                        |
| Inflation                 | 3.0%                                                                        |
| Salary increases          | Non-Uniform - 4.5%                                                          |
|                           | Police - 5.5%                                                               |
| Investment rate of return | 7.5%                                                                        |
| Retirement age            | Normal retirement age                                                       |
| Mortality                 | RP2000 Table. This table does not include projected mortality improvements. |

**BOROUGH OF CARLISLE**  
**Pension Plans**  
**Unaudited Schedule of Investment Returns**  
**Last 10 Fiscal Years**

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|                                                                 | <b>Non-Uniform</b> |             |             | <b>Police</b> |             |             |
|-----------------------------------------------------------------|--------------------|-------------|-------------|---------------|-------------|-------------|
|                                                                 | <b>2016</b>        | <b>2015</b> | <b>2014</b> | <b>2016</b>   | <b>2015</b> | <b>2014</b> |
| Annual money-weighted rate of return, net of investment expense | 5.99%              | 0.46%       | 5.45%       | 5.99%         | 0.53%       | 5.42%       |

This schedule will be expanded to show multi-year trends as additional information becomes available in the future.

**BOROUGH OF CARLISLE**  
**OPEB (Other Post-Employment Benefit Plan)**  
**Unaudited Required Schedule of Funding Progress**

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| <b>Valuation Date</b> | <b>Actuarial Value of Assets</b> | <b>Actuarial Accrued Liability (AAL) - Entry Age</b> | <b>Unfunded AAL (UAAL)</b> | <b>Funded Ratio</b> | <b>Covered Payroll</b> | <b>UAAL as a Percentage of Covered Payroll</b> |
|-----------------------|----------------------------------|------------------------------------------------------|----------------------------|---------------------|------------------------|------------------------------------------------|
| 01/01/15              | \$ -                             | \$ 1,456,374                                         | \$ 1,456,374               | 0.00%               | \$ 1,207,469           | 120.61%                                        |
| 01/01/12              | \$ -                             | \$ 1,181,488                                         | \$ 1,181,488               | 0.00%               | \$ 1,695,703           | 69.68%                                         |
| 01/01/09              | \$ -                             | \$ 870,104                                           | \$ 870,104                 | 0.00%               | \$ 1,705,713           | 51.01%                                         |

**BOROUGH OF CARLISLE**  
**Budgetary Comparison Schedule - General Fund**  
**Unaudited Required Supplementary Information**  
**Year Ended December 31, 2016**

|                                                   | <b>Budget</b>   |              |               | <b>Variance with</b> |
|---------------------------------------------------|-----------------|--------------|---------------|----------------------|
|                                                   | <b>Original</b> | <b>Final</b> | <b>Actual</b> | <b>Final Budget</b>  |
| <b>REVENUES</b>                                   |                 |              |               |                      |
| Taxes                                             | \$ 7,315,881    | \$ 7,315,881 | \$ 7,620,812  | \$ 304,931           |
| Licenses and permits                              | 566,953         | 566,953      | 622,317       | 55,364               |
| Fees and fines                                    | 221,504         | 221,504      | 158,871       | (62,633)             |
| Investment earnings                               | 10,467          | 10,467       | 34,982        | 24,515               |
| Rents                                             | 70,914          | 70,914       | 61,100        | (9,814)              |
| Intergovernmental                                 | 4,087,199       | 4,087,199    | 1,708,176     | (2,379,023)          |
| Charges for services                              | 275,786         | 275,786      | 287,878       | 12,092               |
| Contributions and miscellaneous                   | 339,120         | 339,120      | 167,645       | (171,475)            |
| Proceeds from refunds/reimbursements              | 193,682         | 193,682      | 305,668       | 111,986              |
| Total revenues                                    | 13,081,506      | 13,081,506   | 10,967,449    | (2,114,057)          |
| <b>EXPENDITURES</b>                               |                 |              |               |                      |
| General government                                |                 |              |               |                      |
| Borough council                                   | 116,616         | 116,616      | 13,731        | 102,885              |
| Borough manager                                   | 361,790         | 361,288      | 107,977       | 253,311              |
| Finance department                                | 479,570         | 479,570      | 148,026       | 331,544              |
| Tax collection                                    | 67,970          | 67,970       | 63,663        | 4,307                |
| Personnel administration                          | 157,390         | 133,234      | 25,326        | 107,908              |
| Data processing                                   | 283,539         | 283,539      | 49,695        | 233,844              |
| Legal services                                    | 179,844         | 179,844      | 40,750        | 139,094              |
| Insurance premiums                                | 345,551         | 345,551      | 345,085       | 466                  |
| Employee benefits (unallocated)                   | 596,267         | 596,267      | 474,020       | 122,247              |
| Buildings and plants                              | 131,269         | 131,269      | 1,717         | 129,552              |
| Public Safety                                     |                 |              |               |                      |
| Police department                                 | 4,107,061       | 4,098,601    | 3,896,501     | 202,100              |
| Fire department                                   | 940,585         | 940,558      | 897,246       | 43,312               |
| Codes department                                  | 2,223,724       | 2,219,746    | 1,168,956     | 1,050,790            |
| Public works                                      |                 |              |               |                      |
| Stormwater                                        | 998,576         | 998,576      | 88,087        | 910,489              |
| Highways                                          | 1,817,489       | 1,808,082    | 1,398,981     | 409,101              |
| Engineering                                       | 510,921         | 506,447      | 123,375       | 383,072              |
| Parks and recreation                              | 2,277,172       | 2,276,921    | 1,945,141     | 331,780              |
| Conservation and community development            | 349,703         | 349,703      | 135,892       | 213,811              |
| Debt Service:                                     |                 |              |               |                      |
| Principal                                         | 546,918         | 546,918      | 492,821       | 54,097               |
| Interest and fiscal charges                       | 170,486         | 170,486      | 137,288       | 33,198               |
| Total expenditures                                | 16,662,441      | 16,611,186   | 11,554,278    | 5,056,908            |
| Excess (deficiency) of revenues over expenditures | (3,580,935)     | (3,529,680)  | (586,829)     | 2,942,851            |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                 |              |               |                      |
| Proceeds from issuance of long-term debt          | 893,119         | 893,119      | 1,959,285     | 1,066,166            |
| Proceeds from the sale of capital assets          | 12,209          | 12,209       | 78,283        | 66,074               |
| Payment to refund bonds                           | -               | -            | (621,499)     | (621,499)            |
| Transfers in                                      | 2,260,293       | 2,260,293    | 190,569       | (2,069,724)          |
| Transfers out                                     | -               | -            | -             | -                    |
| Total other financing sources and uses            | 3,165,621       | 3,165,621    | 1,606,638     | (1,558,983)          |
| Net change in fund balances                       | \$ (415,314)    | \$ (364,059) | \$ 1,019,809  | \$ 1,383,868         |

**BOROUGH OF CARLISLE**  
**Notes to Budgetary Comparison Schedule - General Fund**  
**Year Ended December 31, 2016**

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**NOTE 1     BUDGETARY INFORMATION**

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Borough Council adopts annual budgets according to generally accepted accounting principles (GAAP) for the general fund. All annual appropriations lapse at the end of each year and must be reappropriated.

## **OTHER SUPPLEMENTARY INFORMATION**

**BOROUGH OF CARLISLE**  
**Other Governmental Funds**  
**December 31, 2016**

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Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Community Development Block Grant (CDBG) Fund** -- This fund is used to account for the Borough's share of Housing and Urban Development (HUD) grants disbursed by the federal government to aid communities with economic and residential development. The funds are legally restricted to be used for the benefit of low to moderate income areas within the Borough. Most of this area falls within the Borough's historic district.

**Highway Aid Fund** -- This fund is used to account for the Borough's share of Liquid Fuels funds disbursed by the Commonwealth of Pennsylvania. The funds are legally restricted to the construction and maintenance of Borough streets and bridges.

**Asset Forfeiture Fund** -- These funds are used to account for revenue received from the U.S. Department of Justice for proceeds obtained in drug arrests. The use of these funds must supplement existing law enforcement functions.

**BOROUGH OF CARLISLE**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**December 31, 2016**

|                                     | Special Revenue Funds |                                         |                  | Total Other<br>Governmental<br>Funds |
|-------------------------------------|-----------------------|-----------------------------------------|------------------|--------------------------------------|
|                                     | Highway Aid<br>Fund   | Community<br>Development<br>Block Grant | Asset Forfeiture |                                      |
| ASSETS                              |                       |                                         |                  |                                      |
| Cash and cash equivalents           | \$ 1,153,481          | \$ -                                    | \$ 77,869        | \$ 1,231,350                         |
| Other receivables                   | -                     | 120,809                                 | -                | 120,809                              |
| Total assets                        | <u>\$ 1,153,481</u>   | <u>\$ 120,809</u>                       | <u>\$ 77,869</u> | <u>\$ 1,352,159</u>                  |
| LIABILITIES AND FUND BALANCES       |                       |                                         |                  |                                      |
| Liabilities                         |                       |                                         |                  |                                      |
| Due to other funds                  | <u>\$ -</u>           | <u>\$ 120,809</u>                       | <u>\$ 25,550</u> | <u>\$ 146,359</u>                    |
| Total liabilities                   | <u>-</u>              | <u>120,809</u>                          | <u>25,550</u>    | <u>146,359</u>                       |
| Fund balances                       |                       |                                         |                  |                                      |
| Restricted fund balance             | <u>1,153,481</u>      | <u>-</u>                                | <u>52,319</u>    | <u>1,205,800</u>                     |
| Total fund balances                 | <u>1,153,481</u>      | <u>-</u>                                | <u>52,319</u>    | <u>1,205,800</u>                     |
| Total liabilities and fund balances | <u>\$ 1,153,481</u>   | <u>\$ 120,809</u>                       | <u>\$ 77,869</u> | <u>\$ 1,352,159</u>                  |

**BOROUGH OF CARLISLE**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**Year Ended December 31, 2016**

|                                                                           | Highway Aid<br>Fund | Community<br>Development<br>Block Grant | Asset Forfeiture | Total Other<br>Governmental<br>Funds |
|---------------------------------------------------------------------------|---------------------|-----------------------------------------|------------------|--------------------------------------|
| <b>REVENUES</b>                                                           |                     |                                         |                  |                                      |
| Investment earnings                                                       | \$ 6,686            | \$ -                                    | \$ 146           | \$ 6,832                             |
| Intergovernmental                                                         | 499,397             | 284,404                                 | -                | 783,801                              |
| Total revenues                                                            | 506,083             | 284,404                                 | 146              | 790,633                              |
| <b>EXPENDITURES</b>                                                       |                     |                                         |                  |                                      |
| Public works                                                              |                     |                                         |                  |                                      |
| Highways                                                                  | 539,060             | -                                       | -                | 539,060                              |
| Conservation and community development                                    | -                   | 119,385                                 | -                | 119,385                              |
| Total expenditures                                                        | 539,060             | 119,385                                 | -                | 658,445                              |
| Excess (deficiency) of revenues over expenditures                         | (32,977)            | 165,019                                 | 146              | 132,188                              |
| <b>OTHER FINANCING SOURCES (USES)</b>                                     |                     |                                         |                  |                                      |
| Transfers out                                                             | -                   | (165,019)                               | (25,550)         | (190,569)                            |
| Total other financing sources and uses                                    | -                   | (165,019)                               | (25,550)         | (190,569)                            |
| Excess of revenue over expenditures and other<br>financing sources (uses) | (32,977)            | -                                       | (25,404)         | (58,381)                             |
| Fund balances - beginning                                                 | 1,186,458           | -                                       | 77,723           | 1,264,181                            |
| Fund balances - ending                                                    | \$ 1,153,481        | \$ -                                    | \$ 52,319        | \$ 1,205,800                         |

**BOROUGH OF CARLISLE**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Fund - Highway Aid**  
**Year Ended December 31, 2016**

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|                                             | <b>Original/Final<br/>Budget</b> | <b>Actual<br/>Budgetary/GAAP<br/>Basis</b> | <b>Variance</b>     |
|---------------------------------------------|----------------------------------|--------------------------------------------|---------------------|
| <b>Revenue</b>                              |                                  |                                            |                     |
| Investment income                           | \$ 175                           | \$ 6,686                                   | \$ 6,511            |
| Intergovernmental                           | <u>486,502</u>                   | <u>499,397</u>                             | <u>12,895</u>       |
| Total revenue                               | <u>486,677</u>                   | <u>506,083</u>                             | <u>19,406</u>       |
| <b>Expenditures</b>                         |                                  |                                            |                     |
| Highways                                    | <u>320,537</u>                   | <u>539,060</u>                             | <u>218,523</u>      |
| Total expenditures                          | <u>320,537</u>                   | <u>539,060</u>                             | <u>218,523</u>      |
| Excess of revenue over (under) expenditures | <u>166,140</u>                   | <u>(32,977)</u>                            | <u>(199,117)</u>    |
| Net change in fund balance                  | <u>\$ 166,140</u>                | <u>\$ (32,977)</u>                         | <u>\$ (199,117)</u> |

**BOROUGH OF CARLISLE**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Fund - Asset Forfeiture**  
**Year Ended December 31, 2016**

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|                                             | <b>Original/Final<br/>Budget</b> | <b>Actual<br/>Budgetary/GAAP<br/>Basis</b> | <b>Variance</b> |
|---------------------------------------------|----------------------------------|--------------------------------------------|-----------------|
| <b>Revenue</b>                              |                                  |                                            |                 |
| Investment income                           | \$ 75                            | \$ 146                                     | \$ 71           |
| Total revenue                               | 75                               | 146                                        | 71              |
| <b>Expenditures</b>                         |                                  |                                            |                 |
| Police department                           | -                                | -                                          | -               |
| Total expenditures                          | -                                | -                                          | -               |
| Excess of revenue over (under) expenditures | 75                               | 146                                        | 71              |
| <b>Other Financing Sources (Uses)</b>       |                                  |                                            |                 |
| Transfers in (out)                          | (25,500)                         | (25,550)                                   | (50)            |
| Net change in fund balance                  | \$ (25,425)                      | \$ (25,404)                                | \$ 21           |

**BOROUGH OF CARLISLE**  
**Other Enterprise Funds**  
**December 31, 2016**

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Enterprise funds are used to account for the financing of services to the general public where all or most of the costs involved are paid in the form of charges to the users of such services.

**Municipal Authority** – This is the Carlisle Borough Municipal Authority which is included in these financial statements as a blended component unit. This fund accounts for water sales to customers outside Borough limits.

**Solid Waste** – This fund accounts for the trash collection services utilized by the Borough.

**BOROUGH OF CARLISLE**  
**Combining Statement of Net Position - Other Enterprise Funds**  
**December 31, 2016**

|                                                 | <b>Municipal<br/>Authority</b> | <b>Solid Waste Fund</b> | <b>Total<br/>Other<br/>Enterprise<br/>Funds</b> |
|-------------------------------------------------|--------------------------------|-------------------------|-------------------------------------------------|
| <b>ASSETS</b>                                   |                                |                         |                                                 |
| <b>Current assets</b>                           |                                |                         |                                                 |
| Cash and cash equivalents                       | \$ 63,086                      | \$ 144,027              | \$ 207,113                                      |
| Other receivables                               | -                              | 91,088                  | 91,088                                          |
| Due from other funds                            | 29,023                         | -                       | 29,023                                          |
| Inventories                                     | -                              | 4,246                   | 4,246                                           |
| Total current assets                            | 92,109                         | 239,361                 | 331,470                                         |
| <b>Noncurrent assets</b>                        |                                |                         |                                                 |
| Capital assets                                  |                                |                         |                                                 |
| Machinery and equipment, net                    | -                              | 29,386                  | 29,386                                          |
| Building and systems, net                       | -                              | 8,778                   | 8,778                                           |
| Total non-current assets                        | -                              | 38,164                  | 38,164                                          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                                |                         |                                                 |
| Deferred outflows related to pension liability  | -                              | 6,782                   | 6,782                                           |
| Total assets and deferred outflows of resources | \$ 92,109                      | \$ 284,307              | \$ 376,416                                      |
| <b>LIABILITIES</b>                              |                                |                         |                                                 |
| <b>Current liabilities</b>                      |                                |                         |                                                 |
| Accounts payable                                | \$ -                           | \$ 50,856               | \$ 50,856                                       |
| Accrued interest payable                        | -                              | 5                       | 5                                               |
| Due to other funds                              | 79,879                         | 105,000                 | 184,879                                         |
| Compensated absences - current                  | -                              | 39                      | 39                                              |
| Bonds, notes and loans payable - current        | -                              | 38                      | 38                                              |
| Total current liabilities                       | 79,879                         | 155,938                 | 235,817                                         |
| <b>Noncurrent liabilities</b>                   |                                |                         |                                                 |
| Compensated absences                            | -                              | 77                      | 77                                              |
| Bonds, notes and loans payable                  | -                              | 273                     | 273                                             |
| Net pension liability                           | -                              | 8,937                   | 8,937                                           |
| Total non-current liabilities                   | -                              | 9,287                   | 9,287                                           |
| Total liabilities                               | 79,879                         | 165,225                 | 245,104                                         |
| <b>NET POSITION</b>                             |                                |                         |                                                 |
| Net investment in capital assets                | -                              | 37,853                  | 37,853                                          |
| Unrestricted                                    | 12,230                         | 81,229                  | 93,459                                          |
| Total net position                              | 12,230                         | 119,082                 | 131,312                                         |
| Total liabilities and net position              | \$ 92,109                      | \$ 284,307              | \$ 376,416                                      |

**BOROUGH OF CARLISLE**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position -**  
**Other Enterprise Funds**  
**Year Ended December 31, 2016**

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|                                         | <b>Municipal<br/>Authority</b> | <b>Solid Waste Fund</b> | <b>Total<br/>Other<br/>Enterprise<br/>Funds</b> |
|-----------------------------------------|--------------------------------|-------------------------|-------------------------------------------------|
| <b>OPERATING REVENUES</b>               |                                |                         |                                                 |
| Charges for services                    | \$ 171,197                     | \$ 665,850              | \$ 837,047                                      |
| Total operating revenues                | <u>171,197</u>                 | <u>665,850</u>          | <u>837,047</u>                                  |
| <b>OPERATING EXPENSES</b>               |                                |                         |                                                 |
| Administrative expenses                 | -                              | 22,145                  | 22,145                                          |
| Payroll taxes - employer's portion      | -                              | 962                     | 962                                             |
| Depreciation                            | -                              | 6,348                   | 6,348                                           |
| Distribution/collection                 | <u>171,197</u>                 | <u>697,796</u>          | <u>868,993</u>                                  |
| Total operating expenses                | <u>171,197</u>                 | <u>727,251</u>          | <u>898,448</u>                                  |
| Operating income (loss)                 | <u>-</u>                       | <u>(61,401)</u>         | <u>(61,401)</u>                                 |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                                |                         |                                                 |
| Interest and investment revenue         | 64                             | 232                     | 296                                             |
| Miscellaneous revenue                   | -                              | 4,747                   | 4,747                                           |
| Intergovernmental                       | -                              | 35,146                  | 35,146                                          |
| Interest expense                        | <u>-</u>                       | <u>(6)</u>              | <u>(6)</u>                                      |
| Total nonoperating revenue              | <u>64</u>                      | <u>40,119</u>           | <u>40,183</u>                                   |
| Income before transfers                 | 64                             | (21,282)                | (21,218)                                        |
| Transfers in (out)                      | <u>-</u>                       | <u>-</u>                | <u>-</u>                                        |
| Change in net position                  | 64                             | (21,282)                | (21,218)                                        |
| Total net position - beginning          | <u>12,166</u>                  | <u>140,364</u>          | <u>152,530</u>                                  |
| Total net position - ending             | <u>\$ 12,230</u>               | <u>\$ 119,082</u>       | <u>\$ 131,312</u>                               |

**BOROUGH OF CARLISLE**  
**Combining Statement of Cash Flows - Other Enterprise Funds**  
**Year Ended December 31, 2016**

|                                                                                                            | <b>Municipal<br/>Authority</b> | <b>Solid Waste<br/>Fund</b> | <b>Total<br/>Other<br/>Enterprise<br/>Funds</b> |
|------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------------------|-------------------------------------------------|
| <b>Cash flows from operating activities:</b>                                                               |                                |                             |                                                 |
| Receipts from customers                                                                                    | \$ 166,904                     | \$ 712,509                  | \$ 879,413                                      |
| Payments to suppliers                                                                                      | (155,563)                      | (652,203)                   | (807,766)                                       |
| Payments to and on behalf of employees                                                                     | -                              | (14,011)                    | (14,011)                                        |
| Net cash provided (used) by operating activities                                                           | <u>11,341</u>                  | <u>46,295</u>               | <u>57,636</u>                                   |
| <b>Cash flows from capital and related financing activities:</b>                                           |                                |                             |                                                 |
| Proceeds from capital debt                                                                                 | -                              | 311                         | 311                                             |
| Principal paid on capital debt                                                                             | -                              | (333)                       | (333)                                           |
| Interest and fiscal charges paid on capital debt                                                           | -                              | (19)                        | (19)                                            |
| Net cash (used) by capital and related financing activities                                                | <u>-</u>                       | <u>(41)</u>                 | <u>(41)</u>                                     |
| <b>Cash flows from non-capital financing activities:</b>                                                   |                                |                             |                                                 |
| Operating grants received                                                                                  | -                              | 35,146                      | 35,146                                          |
| Net cash provided by non-capital financing activities                                                      | <u>-</u>                       | <u>35,146</u>               | <u>35,146</u>                                   |
| <b>Cash flows from investing activities:</b>                                                               |                                |                             |                                                 |
| Interest and dividends received                                                                            | 64                             | 232                         | 296                                             |
| Net cash provided by investing activities                                                                  | <u>64</u>                      | <u>232</u>                  | <u>296</u>                                      |
| Net increase (decrease) in cash and cash equivalents                                                       | 11,405                         | 81,632                      | 93,037                                          |
| Cash and cash equivalents - beginning of the year                                                          | <u>51,681</u>                  | <u>62,395</u>               | <u>114,076</u>                                  |
| Cash and cash equivalents - end of the year                                                                | <u>\$ 63,086</u>               | <u>\$ 144,027</u>           | <u>\$ 207,113</u>                               |
| <b>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities</b> |                                |                             |                                                 |
| Operating (loss)                                                                                           | \$ -                           | \$ (61,401)                 | \$ (61,401)                                     |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:      |                                |                             |                                                 |
| Depreciation and amortization expense                                                                      | -                              | 6,348                       | 6,348                                           |
| Miscellaneous nonoperating revenue                                                                         | -                              | 4,747                       | 4,747                                           |
| (Increase) decrease in:                                                                                    |                                |                             |                                                 |
| Due from other funds                                                                                       | (4,293)                        | -                           | (4,293)                                         |
| Other receivables                                                                                          | -                              | 41,912                      | 41,912                                          |
| Inventories                                                                                                | -                              | 7,819                       | 7,819                                           |
| Increase (decrease) in:                                                                                    |                                |                             |                                                 |
| Accounts payable                                                                                           | -                              | 45,155                      | 45,155                                          |
| Due to other funds                                                                                         | 15,634                         | (35)                        | 15,599                                          |
| Accrued wages payable                                                                                      | -                              | (249)                       | (249)                                           |
| Compensated absences                                                                                       | -                              | 54                          | 54                                              |
| Net pension liability and related items                                                                    | -                              | 1,945                       | 1,945                                           |
| Net cash provided (used) by operating activities                                                           | <u>\$ 11,341</u>               | <u>\$ 46,295</u>            | <u>\$ 57,636</u>                                |

**BOROUGH OF CARLISLE**  
**Trust and Agency Funds**  
**December 31, 2016**

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Trust Funds are used to account for assets held by the Borough in a trustee capacity. Agency Funds are used to account for assets held by the Borough as an agent for individuals, private organizations, other governments and/or other funds.

**Police Pension Fund** -- This fund is used to account for the accumulation of resources for pension benefit payments to qualified public safety (police) employees.

**Non-Uniformed Pension Fund** -- This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees of the Borough other than police or fire department employees.

**Management Pension Fund** -- This fund is used to account for contributions to the defined contribution retirement accounts maintained for members of the Borough's senior management team.

**Tax Collection Fund** -- This fund is used to account for collection and disbursement of certain taxes collected by the Borough in prior years.

**BOROUGH OF CARLISLE**  
**Combining Statement of Fiduciary Net Position - Pension Trust Funds**  
**December 31, 2016**

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|                                      | <b>Police Pension<br/>Trust Fund</b> | <b>Non-Uniformed<br/>Pension Trust<br/>Fund</b> | <b>Management<br/>Pension Fund</b> | <b>Total Pension<br/>Trust Funds</b> |
|--------------------------------------|--------------------------------------|-------------------------------------------------|------------------------------------|--------------------------------------|
| <b>ASSETS</b>                        |                                      |                                                 |                                    |                                      |
| Cash and cash equivalents            | \$ 329,503                           | \$ 219,676                                      | \$ 27,575                          | \$ 576,754                           |
| Accrued interest receivable          | 81                                   | 55                                              | -                                  | 136                                  |
| Accounts receivable                  | 4,456                                | 2,370                                           | -                                  | 6,826                                |
| U.S. Government Agency obligations   | -                                    | 57                                              | -                                  | 57                                   |
| Fixed income mutual funds            | 5,591,470                            | 3,602,467                                       | -                                  | 9,193,937                            |
| Mutual funds - open end              | <u>9,249,553</u>                     | <u>5,969,716</u>                                | <u>474,451</u>                     | <u>15,693,720</u>                    |
| Total assets                         | <u>\$ 15,175,063</u>                 | <u>\$ 9,794,341</u>                             | <u>\$ 502,026</u>                  | <u>\$ 25,471,430</u>                 |
| <b>LIABILITIES</b>                   |                                      |                                                 |                                    |                                      |
| Accounts payable                     | <u>\$ 1,767</u>                      | <u>\$ -</u>                                     | <u>\$ -</u>                        | <u>\$ 1,767</u>                      |
| <b>NET POSITION</b>                  |                                      |                                                 |                                    |                                      |
| Net position restricted for pensions | <u>15,173,296</u>                    | <u>9,794,341</u>                                | <u>502,026</u>                     | <u>25,469,663</u>                    |
| Total liabilities and net position   | <u>\$ 15,175,063</u>                 | <u>\$ 9,794,341</u>                             | <u>\$ 502,026</u>                  | <u>\$ 25,471,430</u>                 |

**BOROUGH OF CARLISLE****Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds**  
**Year Ended December 31, 2016**

|                                               | <b>Police Pension<br/>Trust Fund</b> | <b>Non-Uniformed<br/>Pension Trust<br/>Fund</b> | <b>Management<br/>Pension Fund</b> | <b>Total Pension<br/>Trust Funds</b> |
|-----------------------------------------------|--------------------------------------|-------------------------------------------------|------------------------------------|--------------------------------------|
| <b>ADDITIONS</b>                              |                                      |                                                 |                                    |                                      |
| Contributions                                 |                                      |                                                 |                                    |                                      |
| Employer                                      | \$ 366,745                           | \$ 236,956                                      | \$ 29,911                          | \$ 633,612                           |
| Plan members                                  | 123,470                              | 60,569                                          | -                                  | 184,039                              |
| Total contributions                           | <u>490,215</u>                       | <u>297,525</u>                                  | <u>29,911</u>                      | <u>817,651</u>                       |
| Investment earnings                           |                                      |                                                 |                                    |                                      |
| Net appreciation in fair value of investments | 598,915                              | 383,335                                         | 37,923                             | 1,020,173                            |
| Interest and dividends                        | 340,668                              | 217,674                                         | -                                  | 558,342                              |
| Investment activity expense                   | (44,358)                             | (28,132)                                        | -                                  | (72,490)                             |
| Total net investment earnings                 | <u>895,225</u>                       | <u>572,877</u>                                  | <u>37,923</u>                      | <u>1,506,025</u>                     |
| Total additions                               | <u>1,385,440</u>                     | <u>870,402</u>                                  | <u>67,834</u>                      | <u>2,323,676</u>                     |
| <b>DEDUCTIONS</b>                             |                                      |                                                 |                                    |                                      |
| Benefits                                      | 920,018                              | 310,433                                         | 85,056                             | 1,315,507                            |
| Administrative                                | 33,910                               | 23,891                                          | -                                  | 57,801                               |
| Total deductions                              | <u>953,928</u>                       | <u>334,324</u>                                  | <u>85,056</u>                      | <u>1,373,308</u>                     |
| Change in net position                        | 431,512                              | 536,078                                         | (17,222)                           | 950,368                              |
| Net position - beginning                      | <u>14,741,784</u>                    | <u>9,258,263</u>                                | <u>519,248</u>                     | <u>24,519,295</u>                    |
| Net position - ending                         | <u>\$ 15,173,296</u>                 | <u>\$ 9,794,341</u>                             | <u>\$ 502,026</u>                  | <u>\$ 25,469,663</u>                 |

**BOROUGH OF CARLISLE****Combining Statement of Changes in Assets and Liabilities - Agency Funds****Year Ended December 31, 2016**

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| <b>Tax Collection Fund</b> | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Deductions</b>  | <b>Ending Balance</b> |
|----------------------------|------------------------------|------------------|--------------------|-----------------------|
| <b>ASSETS</b>              |                              |                  |                    |                       |
| Cash and cash equivalents  | \$ 32,853                    | \$ 7             | \$ (29,054)        | \$ 3,806              |
| Total assets               | <u>\$ 32,853</u>             | <u>\$ 7</u>      | <u>\$ (29,054)</u> | <u>\$ 3,806</u>       |
| <b>LIABILITIES</b>         |                              |                  |                    |                       |
| Due to other governments   | \$ 32,853                    | \$ 7             | \$ (29,054)        | \$ 3,806              |
| Total liabilities          | <u>\$ 32,853</u>             | <u>\$ 7</u>      | <u>\$ (29,054)</u> | <u>\$ 3,806</u>       |

# BOROUGH OF CARLISLE

## Future Debt Service Requirements

### December 31, 2016

The following schedules provide the total debt service payments which the Borough is obligated to make.

| Fiscal<br>Year | Governmental Activities |            |              |            |              |            |              |           | Total Governmental Activities |            |
|----------------|-------------------------|------------|--------------|------------|--------------|------------|--------------|-----------|-------------------------------|------------|
|                | 2012 GO Note            |            | 2013 GO Note |            | 2014 GO Note |            | 2016 GO Note |           | TOTAL                         |            |
|                | Principal               | Interest   | Principal    | Interest   | Principal    | Interest   | Principal    | Interest  | Principal                     | Interest   |
| 2017           | \$ 83,000               | \$ 31,015  | \$ 227,611   | \$ 59,372  | \$ 105,000   | \$ 25,163  | \$ 77,170    | \$ 11,027 | \$ 492,781                    | \$ 126,577 |
| 2018           | 67,000                  | 29,071     | 237,422      | 53,682     | 122,000      | 23,084     | 78,051       | 9,669     | 504,473                       | 115,506    |
| 2019           | 125,000                 | 27,502     | 174,633      | 47,747     | 124,000      | 20,669     | 110,646      | 8,295     | 534,279                       | 104,213    |
| 2020           | 53,000                  | 24,641     | 382,622      | 43,381     | 36,000       | 30,356     | 60,961       | 6,348     | 532,583                       | 104,726    |
| 2021           | 18,000                  | 23,333     | 457,184      | 63,573     | 1,000        | 29,168     | 41,845       | 5,275     | 518,029                       | 121,349    |
| 2022           | 8,000                   | 22,911     | 468,957      | 42,085     | 22,000       | 29,135     | 43,166       | 4,538     | 542,123                       | 98,669     |
| 2023           | 69,000                  | 25,970     | 426,468      | 20,044     | 22,000       | 28,409     | 43,518       | 3,778     | 560,986                       | 78,201     |
| 2024           | 489,000                 | 24,189     |              |            | 30,000       | 27,683     | 55,764       | 3,013     | 574,764                       | 54,885     |
| 2025           | 412,236                 | 11,034     |              |            | 121,000      | 26,693     | 57,085       | 2,031     | 590,321                       | 39,758     |
| 2026           |                         |            |              |            | 548,000      | 22,700     | 58,315       | 1,025     | 606,315                       | 23,725     |
| 2027           |                         |            |              |            | 139,884      | 4,618      |              |           | 139,884                       | 4,618      |
|                | \$ 1,324,236            | \$ 219,666 | \$ 2,374,897 | \$ 329,884 | \$ 1,270,884 | \$ 267,678 | \$ 626,521   | \$ 54,999 | \$ 5,596,538                  | \$ 872,227 |

| Fiscal<br>Year | Water Fund   |            |              |            |              |            |              |            | Total Water Fund |              |
|----------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|------------------|--------------|
|                | 2012 GO Note |            | 2013 GO Note |            | 2014 GO Note |            | 2016 GO Note |            | TOTAL            |              |
|                | Principal    | Interest   | Principal    | Interest   | Principal    | Interest   | Principal    | Interest   | Principal        | Interest     |
| 2017           | \$ 120,000   | \$ 49,819  | \$ 163,233   | \$ 42,580  | \$ 95,000    | \$ 46,299  | \$ 184,786   | \$ 26,404  | \$ 563,019       | \$ 165,102   |
| 2018           | 131,000      | 47,008     | 170,269      | 38,499     | 88,000       | 44,418     | 186,896      | 23,152     | 576,165          | 153,077      |
| 2019           | 136,000      | 43,940     | 125,239      | 34,242     | 110,000      | 42,676     | 264,944      | 19,862     | 636,183          | 140,720      |
| 2020           | 171,000      | 40,866     | 274,401      | 31,111     | 27,000       | 67,497     | 145,973      | 15,199     | 618,374          | 154,673      |
| 2021           | 183,000      | 36,750     | 327,874      | 45,592     | 1,000        | 66,606     | 100,198      | 12,630     | 612,072          | 161,578      |
| 2022           | 183,000      | 32,464     | 336,317      | 30,182     | 11,000       | 66,573     | 103,362      | 10,867     | 633,679          | 140,086      |
| 2023           | 228,000      | 32,203     | 305,842      | 14,373     | 12,000       | 66,210     | 104,206      | 9,048      | 650,048          | 121,834      |
| 2024           | 517,000      | 26,172     |              |            | 20,000       | 65,814     | 133,527      | 7,214      | 670,527          | 99,200       |
| 2025           | 458,105      | 12,261     |              |            | 93,000       | 65,154     | 136,691      | 4,864      | 687,796          | 82,279       |
| 2026           |              |            |              |            | 566,000      | 62,085     | 139,644      | 2,457      | 705,644          | 64,542       |
| 2027           |              |            |              |            | 727,000      | 43,407     |              |            | 727,000          | 43,407       |
| 2028           |              |            |              |            | 588,357      | 19,415     |              |            | 588,357          | 19,415       |
|                | \$ 2,127,105 | \$ 321,483 | \$ 1,703,175 | \$ 236,579 | \$ 2,338,357 | \$ 656,154 | \$ 1,500,227 | \$ 131,697 | \$ 7,668,864     | \$ 1,345,913 |

| Fiscal<br>Year | Sewer Fund   |            |              |            |              |            |              |           |              |            | Total Sewer Fund |              |
|----------------|--------------|------------|--------------|------------|--------------|------------|--------------|-----------|--------------|------------|------------------|--------------|
|                | 2012 GO Note |            | 2013 GO Note |            | 2014 GO Note |            | 2015 GO Note |           | 2016 GO Note |            | TOTAL            |              |
|                | Principal    | Interest   | Principal    | Interest   | Principal    | Interest   | Principal    | Interest  | Principal    | Interest   | Principal        | Interest     |
| 2017           | \$ 52,000    | \$ 31,938  | \$ 136,402   | \$ 35,581  | \$ 41,000    | \$ 61,989  | \$ 1,000     | \$ 1,360  | \$ 603,552   | \$ 86,241  | \$ 833,954       | \$ 217,109   |
| 2018           | 52,000       | 30,720     | 142,282      | 32,171     | 43,000       | 61,177     | 1,000        | 1,335     | 610,442      | 75,619     | 848,724          | 201,022      |
| 2019           | 54,000       | 29,502     | 104,653      | 28,613     | 1,000        | 60,326     | 1,000        | 1,311     | 865,366      | 64,875     | 1,026,019        | 184,627      |
| 2020           | 176,000      | 28,315     | 229,297      | 25,997     | 126,000      | 100,510    | 1,000        | 1,286     | 476,778      | 49,644     | 1,009,075        | 205,752      |
| 2021           | 294,000      | 24,115     | 273,980      | 38,098     | 111,000      | 96,352     | 1,000        | 1,261     | 327,268      | 41,253     | 1,007,248        | 201,079      |
| 2022           | 279,000      | 17,230     | 281,035      | 25,221     | 137,000      | 92,689     | 1,000        | 1,237     | 337,603      | 35,493     | 1,035,638        | 171,870      |
| 2023           | 188,000      | 12,223     | 255,574      | 12,011     | 147,000      | 88,168     | 1,000        | 1,212     | 340,359      | 29,551     | 931,933          | 143,165      |
| 2024           | 214,000      | 7,211      |              |            | 465,000      | 83,317     | 1,000        | 1,188     | 436,128      | 23,561     | 1,116,128        | 115,277      |
| 2025           | 54,659       | 1,464      |              |            | 642,000      | 67,972     | 1,000        | 1,523     | 446,463      | 15,885     | 1,144,122        | 86,844       |
| 2026           |              |            |              |            | 690,000      | 46,786     | 1,000        | 1,851     | 456,109      | 8,029      | 1,147,109        | 56,666       |
| 2027           |              |            |              |            | 301,117      | 24,016     | 45,776       | 915       |              |            | 346,893          | 24,931       |
| 2028           |              |            |              |            | 142,643      | 14,079     |              |           |              |            | 142,643          | 14,079       |
| 2029           |              |            |              |            | 284,000      | 9,373      |              |           |              |            | 284,000          | 9,373        |
|                | \$ 1,363,659 | \$ 182,718 | \$ 1,423,223 | \$ 197,692 | \$ 3,130,760 | \$ 806,754 | \$ 55,776    | \$ 14,479 | \$ 4,900,068 | \$ 430,151 | \$ 10,873,486    | \$ 1,631,794 |

**BOROUGH OF CARLISLE**  
**Future Debt Service Requirements (Continued)**  
**December 31, 2016**

| Fiscal<br>Year | Parking      |           |              |           |              |           | Total Parking Fund |            |
|----------------|--------------|-----------|--------------|-----------|--------------|-----------|--------------------|------------|
|                | 2012 GO Note |           | 2013 GO Note |           | 2016 GO Note |           | TOTAL              |            |
|                | Principal    | Interest  | Principal    | Interest  | Principal    | Interest  | Principal          | Interest   |
| 2017           | \$ 40,000    | \$ 5,387  | \$ 52,754    | \$ 13,761 | \$ 10,454    | \$ 11,948 | \$ 103,208         | \$ 31,096  |
| 2018           | 60,000       | 4,450     | 55,027       | 12,442    | 10,574       | 11,883    | 125,601            | 28,775     |
| 2019           | 50,000       | 3,045     | 40,475       | 11,066    | 14,989       | 16,113    | 105,464            | 30,224     |
| 2020           | 40,000       | 1,879     | 88,681       | 10,054    | 8,258        | 9,118     | 136,939            | 21,051     |
| 2021           | 25,000       | 937       | 105,962      | 14,734    | 5,669        | 6,383     | 136,631            | 22,054     |
| 2022           | 15,000       | 351       | 108,691      | 9,754     | 5,848        | 6,462     | 129,539            | 16,567     |
| 2023           |              |           | 98,842       | 4,646     | 5,895        | 6,407     | 104,737            | 11,053     |
| 2024           |              |           |              |           | 7,554        | 7,962     | 7,554              | 7,962      |
| 2025           |              |           |              |           | 7,733        | 8,008     | 7,733              | 8,008      |
| 2026           |              |           |              |           | 7,899        | 8,041     | 7,899              | 8,041      |
|                | \$ 230,000   | \$ 16,049 | \$ 550,432   | \$ 76,457 | \$ 84,873    | \$ 92,325 | \$ 865,305         | \$ 184,831 |

| Fiscal<br>Year | Solid Waste  |          |
|----------------|--------------|----------|
|                | 2016 GO Note |          |
|                | Principal    | Interest |
| 2017           | \$ 38        | \$ 5     |
| 2018           | 38           | 5        |
| 2019           | 54           | 4        |
| 2020           | 30           | 3        |
| 2021           | 21           | 3        |
| 2022           | 22           | 2        |
| 2023           | 22           | 2        |
| 2024           | 27           | 1        |
| 2025           | 29           | 1        |
| 2026           | 30           | 1        |
|                | \$ 311       | \$ 27    |

**BOROUGH OF CARLISLE**  
**Schedule of Indebtedness**  
**December 31, 2016**

| Type of Debt                                | Date of Issue | Original Amount | Interest Rate | Date of Final Maturity | Amount of Annual Maturity | Outstanding at December 31 |                     |
|---------------------------------------------|---------------|-----------------|---------------|------------------------|---------------------------|----------------------------|---------------------|
|                                             |               |                 |               |                        |                           | 2015                       | 2016                |
| GO Bonds (Series of 2011)<br>(General Fund) | 06/15/11      | \$ 851,432      |               |                        | \$                        | 694,625                    | -                   |
| GO Note (Series of 2012)<br>(General Fund)  | 12/12/12      | 2,105,000       | 2.31%         | 12/12/17               | \$ 83,000                 |                            |                     |
|                                             |               |                 | 2.31%         | 12/12/18               | 67,000                    |                            |                     |
|                                             |               |                 | 2.31%         | 12/12/19               | 125,000                   |                            |                     |
|                                             |               |                 | 2.31%         | 12/12/20               | 53,000                    |                            |                     |
|                                             |               |                 | 2.31%         | 12/12/21               | 18,000                    |                            |                     |
|                                             |               |                 | 2.31%         | 12/12/22               | 8,000                     |                            |                     |
|                                             |               |                 | 2.64%         | 12/12/23               | 69,000                    |                            |                     |
|                                             |               |                 | 2.64%         | 12/12/24               | 489,000                   |                            |                     |
|                                             |               |                 |               | 12/12/25               | 412,236                   |                            |                     |
|                                             |               |                 |               |                        |                           | 1,384,237                  | 1,324,236           |
| GO Note (Series of 2013)<br>(General Fund)  | 11/12/13      | 3,168,000       | 2.50%         | 10/01/17               | \$ 227,611                |                            |                     |
|                                             |               |                 | 2.50%         | 10/01/18               | 237,422                   |                            |                     |
|                                             |               |                 | 2.50%         | 10/01/19               | 174,633                   |                            |                     |
|                                             |               |                 | 2.50%         | 10/01/20               | 382,622                   |                            |                     |
|                                             |               |                 | 4.70%         | 10/01/21               | 457,184                   |                            |                     |
|                                             |               |                 | 4.70%         | 10/01/22               | 468,957                   |                            |                     |
|                                             |               |                 | 4.70%         | 10/01/23               | 426,468                   |                            |                     |
|                                             |               |                 |               |                        |                           | 2,649,600                  | 2,374,897           |
| GO Note (Series of 2014)<br>(General Fund)  | 10/10/14      | \$ 1,355,883    | 1.98%         | 10/01/17               | \$ 105,000                |                            |                     |
|                                             |               |                 | 1.98%         | 10/01/18               | 122,000                   |                            |                     |
|                                             |               |                 | 1.98%         | 10/01/19               | 124,000                   |                            |                     |
|                                             |               |                 | 3.30%         | 10/01/20               | 36,000                    |                            |                     |
|                                             |               |                 | 3.30%         | 10/01/21               | 1,000                     |                            |                     |
|                                             |               |                 | 3.30%         | 10/01/22               | 22,000                    |                            |                     |
|                                             |               |                 | 3.30%         | 10/01/23               | 22,000                    |                            |                     |
|                                             |               |                 | 3.30%         | 10/01/24               | 30,000                    |                            |                     |
|                                             |               |                 | 3.30%         | 10/01/25               | 121,000                   |                            |                     |
|                                             |               |                 | 3.30%         | 10/01/26               | 548,000                   |                            |                     |
|                                             |               |                 | 3.30%         | 10/01/27               | 139,884                   |                            |                     |
|                                             |               |                 |               |                        |                           | 23,120                     | 1,270,884           |
| GO Note (Series of 2016)<br>(General Fund)  | 08/15/16      | \$ 626,521      | 1.76%         | 08/15/17               | \$ 77,170                 |                            |                     |
|                                             |               |                 | 1.76%         | 08/15/18               | 78,051                    |                            |                     |
|                                             |               |                 | 1.76%         | 08/15/19               | 110,646                   |                            |                     |
|                                             |               |                 | 1.76%         | 08/15/20               | 60,961                    |                            |                     |
|                                             |               |                 | 1.76%         | 08/15/21               | 41,845                    |                            |                     |
|                                             |               |                 | 1.76%         | 08/15/22               | 43,166                    |                            |                     |
|                                             |               |                 | 1.76%         | 08/15/23               | 43,518                    |                            |                     |
|                                             |               |                 | 1.76%         | 08/15/24               | 55,764                    |                            |                     |
|                                             |               |                 | 1.76%         | 08/15/25               | 57,085                    |                            |                     |
|                                             |               |                 | 1.76%         | 08/15/26               | 58,315                    |                            |                     |
|                                             |               |                 |               |                        |                           | -                          | 626,521             |
| <b>Total Payable From Tax Revenue</b>       |               |                 |               |                        |                           | <u>\$ 4,751,582</u>        | <u>\$ 5,596,538</u> |

**BOROUGH OF CARLISLE**  
**Schedule of Indebtedness (Continued)**  
**December 31, 2016**

| Type of Debt                              | Date of Issue | Original Amount | Interest Rate | Date of Final Maturity | Amount of Annual Maturity | Outstanding at December 31 |           |
|-------------------------------------------|---------------|-----------------|---------------|------------------------|---------------------------|----------------------------|-----------|
|                                           |               |                 |               |                        |                           | 2015                       | 2016      |
| GO Bonds (Series of 2011)<br>(Water Fund) | 06/15/11      | \$ 2,038,767    |               |                        |                           | \$ 1,663,289               | -         |
| GO Note (Series of 2012)<br>(Water Fund)  | 12/12/12      | \$ 2,256,104    | 2.31%         | 12/12/17               | 120,000                   |                            |           |
|                                           |               |                 | 2.31%         | 12/12/18               | 131,000                   |                            |           |
|                                           |               |                 | 2.31%         | 12/12/19               | 136,000                   |                            |           |
|                                           |               |                 | 2.31%         | 12/12/20               | 171,000                   |                            |           |
|                                           |               |                 | 2.31%         | 12/12/21               | 183,000                   |                            |           |
|                                           |               |                 | 2.31%         | 12/12/22               | 183,000                   |                            |           |
|                                           |               |                 | 2.64%         | 12/12/23               | 228,000                   |                            |           |
|                                           |               |                 | 2.64%         | 12/12/24               | 517,000                   |                            |           |
|                                           |               |                 | 2.64%         | 12/12/25               | 458,105                   |                            |           |
|                                           |               |                 |               |                        |                           | 2,256,105                  | 2,127,105 |
| GO Note (Series of 2013)<br>(Water Fund)  | 11/12/13      | \$ 2,301,750    | 2.50%         | 10/01/17               | 163,233                   |                            |           |
|                                           |               |                 | 2.50%         | 10/01/18               | 170,269                   |                            |           |
|                                           |               |                 | 2.50%         | 10/01/19               | 125,239                   |                            |           |
|                                           |               |                 | 2.50%         | 10/01/20               | 274,401                   |                            |           |
|                                           |               |                 | 4.70%         | 10/01/21               | 327,874                   |                            |           |
|                                           |               |                 | 4.70%         | 10/01/22               | 336,317                   |                            |           |
|                                           |               |                 | 4.70%         | 10/01/23               | 305,842                   |                            |           |
|                                           |               |                 |               |                        |                           | 1,900,183                  | 1,703,175 |
| GO Note (Series of 2014)<br>(Water Fund)  | 10/10/14      | \$ 2,411,357    | 1.98%         | 10/01/17               | \$ 95,000                 |                            |           |
|                                           |               |                 | 1.98%         | 10/01/18               | 88,000                    |                            |           |
|                                           |               |                 | 1.98%         | 10/01/19               | 110,000                   |                            |           |
|                                           |               |                 | 3.30%         | 10/01/20               | 27,000                    |                            |           |
|                                           |               |                 | 3.30%         | 10/01/21               | 1,000                     |                            |           |
|                                           |               |                 | 3.30%         | 10/01/22               | 11,000                    |                            |           |
|                                           |               |                 | 3.30%         | 10/01/23               | 12,000                    |                            |           |
|                                           |               |                 | 3.30%         | 10/01/24               | 20,000                    |                            |           |
|                                           |               |                 | 3.30%         | 10/01/25               | 93,000                    |                            |           |
|                                           |               |                 | 3.30%         | 10/01/26               | 566,000                   |                            |           |
|                                           |               |                 | 3.30%         | 10/01/27               | 727,000                   |                            |           |
|                                           |               |                 | 3.30%         | 10/01/28               | 588,357                   |                            |           |
|                                           |               |                 |               |                        |                           | 228,471                    | 2,338,357 |
| GO Note (Series of 2016)<br>(Water Fund)  | 08/15/16      | \$ 1,500,227    | 1.76%         | 08/15/17               | \$ 184,786                |                            |           |
|                                           |               |                 | 1.76%         | 08/15/18               | 186,896                   |                            |           |
|                                           |               |                 | 1.76%         | 08/15/19               | 264,944                   |                            |           |
|                                           |               |                 | 1.76%         | 08/15/20               | 145,973                   |                            |           |
|                                           |               |                 | 1.76%         | 08/15/21               | 100,198                   |                            |           |
|                                           |               |                 | 1.76%         | 08/15/22               | 103,362                   |                            |           |
|                                           |               |                 | 1.76%         | 08/15/23               | 104,206                   |                            |           |
|                                           |               |                 | 1.76%         | 08/15/24               | 133,527                   |                            |           |
|                                           |               |                 | 1.76%         | 08/15/25               | 136,691                   |                            |           |
|                                           |               |                 | 1.76%         | 08/15/26               | 139,644                   |                            |           |
|                                           |               |                 |               |                        |                           | -                          | 1,500,227 |
| GO Bonds (Series of 2011)<br>(Sewer Fund) | 06/15/11      | \$ 6,659,049    |               |                        |                           | 5,432,654                  | -         |

**BOROUGH OF CARLISLE**  
**Schedule of Indebtedness (Continued)**  
**December 31, 2016**

| Type of Debt                             | Date of Issue | Original Amount | Interest Rate | Date of Final Maturity | Amount of Annual Maturity | Outstanding at December 31 |           |
|------------------------------------------|---------------|-----------------|---------------|------------------------|---------------------------|----------------------------|-----------|
|                                          |               |                 |               |                        |                           | 2015                       | 2016      |
| GO Note (Series of 2012)<br>(Sewer Fund) | 12/12/12      | \$ 1,414,659    | 2.31%         | 12/12/17               | \$ 52,000                 |                            |           |
|                                          |               |                 | 2.31%         | 12/12/18               | 52,000                    |                            |           |
|                                          |               |                 | 2.31%         | 12/12/19               | 54,000                    |                            |           |
|                                          |               |                 | 2.31%         | 12/12/20               | 176,000                   |                            |           |
|                                          |               |                 | 2.31%         | 12/12/21               | 294,000                   |                            |           |
|                                          |               |                 | 2.31%         | 12/12/22               | 279,000                   |                            |           |
|                                          |               |                 | 2.64%         | 12/12/23               | 188,000                   |                            |           |
|                                          |               |                 | 2.64%         | 12/12/24               | 214,000                   |                            |           |
|                                          |               |                 | 2.64%         | 12/12/25               | 54,659                    |                            |           |
|                                          |               |                 |               |                        |                           | 1,414,659                  | 1,363,659 |
| GO Note (Series of 2013)<br>(Sewer Fund) | 11/12/13      | \$ 2,046,000    | 2.50%         | 10/01/17               | \$ 136,402                |                            |           |
|                                          |               |                 | 2.50%         | 10/01/18               | 142,282                   |                            |           |
|                                          |               |                 | 2.50%         | 10/01/19               | 104,653                   |                            |           |
|                                          |               |                 | 2.50%         | 10/01/20               | 229,297                   |                            |           |
|                                          |               |                 | 4.70%         | 10/01/21               | 273,980                   |                            |           |
|                                          |               |                 | 4.70%         | 10/01/22               | 281,035                   |                            |           |
|                                          |               |                 | 4.70%         | 10/01/23               | 255,574                   |                            |           |
|                                          |               |                 |               |                        |                           | 1,587,846                  | 1,423,223 |
| GO Note (Series of 2014)<br>(Sewer Fund) | 10/10/14      | 3,232,760       | 1.98%         | 10/01/17               | \$ 41,000                 |                            |           |
|                                          |               |                 | 1.98%         | 10/01/18               | 43,000                    |                            |           |
|                                          |               |                 | 1.98%         | 10/01/19               | 1,000                     |                            |           |
|                                          |               |                 | 3.30%         | 10/01/20               | 126,000                   |                            |           |
|                                          |               |                 | 3.30%         | 10/01/21               | 111,000                   |                            |           |
|                                          |               |                 | 3.30%         | 10/01/22               | 137,000                   |                            |           |
|                                          |               |                 | 3.30%         | 10/01/23               | 147,000                   |                            |           |
|                                          |               |                 | 3.30%         | 10/01/24               | 465,000                   |                            |           |
|                                          |               |                 | 3.30%         | 10/01/25               | 642,000                   |                            |           |
|                                          |               |                 | 3.30%         | 10/01/26               | 690,000                   |                            |           |
|                                          |               |                 | 3.30%         | 10/01/27               | 301,117                   |                            |           |
|                                          |               |                 | 3.30%         | 10/01/28               | 142,643                   |                            |           |
|                                          |               |                 | 3.30%         | 10/01/29               | 284,000                   |                            |           |
|                                          |               |                 |               |                        |                           | 312,475                    | 3,130,760 |
| GO Note (Series of 2015)<br>(Sewer Fund) | 04/09/15      | \$ 55,776       | 2.46%         | 05/15/17               | \$ 1,000                  |                            |           |
|                                          |               |                 | 2.46%         | 05/15/18               | 1,000                     |                            |           |
|                                          |               |                 | 2.46%         | 05/15/19               | 1,000                     |                            |           |
|                                          |               |                 | 2.46%         | 05/14/20               | 1,000                     |                            |           |
|                                          |               |                 | 2.46%         | 05/15/21               | 1,000                     |                            |           |
|                                          |               |                 | 2.46%         | 05/15/22               | 1,000                     |                            |           |
|                                          |               |                 | 2.46%         | 05/15/23               | 1,000                     |                            |           |
|                                          |               |                 | 2.46%         | 05/14/24               | 1,000                     |                            |           |
|                                          |               |                 | 2.46%         | 05/15/25               | 1,000                     |                            |           |
|                                          |               |                 | 2.46%         | 05/15/26               | 1,000                     |                            |           |
|                                          |               |                 | 4.00%         | 05/15/27               | 45,776                    |                            |           |
|                                          |               |                 |               |                        |                           | 55,776                     | 55,776    |
| GO Note (Series of 2016)<br>(Sewer Fund) | 08/15/16      | \$ 4,900,068    | 1.76%         | 08/15/17               | \$ 603,552                |                            |           |
|                                          |               |                 | 1.76%         | 08/15/18               | 610,442                   |                            |           |
|                                          |               |                 | 1.76%         | 08/15/19               | 865,366                   |                            |           |
|                                          |               |                 | 1.76%         | 08/15/20               | 476,778                   |                            |           |
|                                          |               |                 | 1.76%         | 08/15/21               | 327,268                   |                            |           |
|                                          |               |                 | 1.76%         | 08/15/22               | 337,603                   |                            |           |
|                                          |               |                 | 1.76%         | 08/15/23               | 340,359                   |                            |           |
|                                          |               |                 | 1.76%         | 08/15/24               | 436,128                   |                            |           |
|                                          |               |                 | 1.76%         | 08/15/25               | 446,463                   |                            |           |
|                                          |               |                 | 1.76%         | 08/15/26               | 456,109                   |                            |           |
|                                          |               |                 |               |                        |                           | -                          | 4,900,068 |

**BOROUGH OF CARLISLE**  
**Schedule of Indebtedness (Continued)**  
**December 31, 2016**

| Type of Debt                                    | Date of Issue | Original Amount | Interest Rate | Date of Final Maturity | Amount of Annual Maturity | Outstanding at December 31 |                      |
|-------------------------------------------------|---------------|-----------------|---------------|------------------------|---------------------------|----------------------------|----------------------|
|                                                 |               |                 |               |                        |                           | 2015                       | 2016                 |
| GO Bonds (Series of 2011)<br>(Parking Fund)     | 06/15/11      | \$ 115,342      |               |                        |                           | 94,100                     | -                    |
| GO Note (Series of 2012)<br>(Parking Fund)      | 12/12/12      | \$ 320,000      | 2.31%         | 12/12/17               | \$ 40,000                 |                            |                      |
|                                                 |               |                 | 2.31%         | 12/12/18               | 60,000                    |                            |                      |
|                                                 |               |                 | 2.31%         | 12/12/19               | 50,000                    |                            |                      |
|                                                 |               |                 | 2.31%         | 12/12/20               | 40,000                    |                            |                      |
|                                                 |               |                 | 2.31%         | 12/12/21               | 25,000                    |                            |                      |
|                                                 |               |                 | 2.31%         | 12/12/22               | 15,000                    |                            |                      |
|                                                 |               |                 |               |                        |                           | 275,000                    | 230,000              |
| GO Note (Series of 2013)<br>(Parking Fund)      | 11/12/13      | \$ 734,250      | 2.50%         | 10/01/17               | \$ 52,754                 |                            |                      |
|                                                 |               |                 | 2.50%         | 10/01/18               | 55,027                    |                            |                      |
|                                                 |               |                 | 2.50%         | 10/01/19               | 40,475                    |                            |                      |
|                                                 |               |                 | 2.50%         | 10/01/20               | 88,681                    |                            |                      |
|                                                 |               |                 | 4.70%         | 10/01/21               | 105,962                   |                            |                      |
|                                                 |               |                 | 4.70%         | 10/01/22               | 108,691                   |                            |                      |
|                                                 |               |                 | 4.70%         | 10/01/23               | 98,842                    |                            |                      |
|                                                 |               |                 |               |                        |                           | 614,100                    | 550,432              |
| GO Note (Series of 2016)<br>(Parking Fund)      | 08/15/16      | \$ 84,875       | 1.76%         | 12/31/17               | \$ 10,454                 |                            |                      |
|                                                 |               |                 | 1.76%         | 12/31/18               | 10,574                    |                            |                      |
|                                                 |               |                 | 1.76%         | 12/31/19               | 14,989                    |                            |                      |
|                                                 |               |                 | 1.76%         | 12/31/20               | 8,258                     |                            |                      |
|                                                 |               |                 | 1.76%         | 12/31/21               | 5,669                     |                            |                      |
|                                                 |               |                 | 1.76%         | 12/31/22               | 5,848                     |                            |                      |
|                                                 |               |                 | 1.76%         | 12/31/23               | 5,895                     |                            |                      |
|                                                 |               |                 | 1.76%         | 12/31/24               | 7,554                     |                            |                      |
|                                                 |               |                 | 1.76%         | 12/31/25               | 7,733                     |                            |                      |
|                                                 |               |                 | 1.76%         | 12/31/26               | 7,899                     |                            |                      |
|                                                 |               |                 |               |                        |                           | -                          | 84,873               |
| GO Bonds (Series of 2011)<br>(Solid Waste Fund) | 06/15/11      | \$ 401          |               |                        |                           | 339                        | -                    |
| GO Note (Series of 2016)<br>(Solid Waste Fund)  | 08/15/16      | \$ 311          | 1.76%         | 08/15/17               | \$ 38                     |                            |                      |
|                                                 |               |                 | 1.76%         | 08/15/18               | 38                        |                            |                      |
|                                                 |               |                 | 1.76%         | 08/15/19               | 54                        |                            |                      |
|                                                 |               |                 | 1.76%         | 08/15/20               | 30                        |                            |                      |
|                                                 |               |                 | 1.76%         | 08/15/21               | 21                        |                            |                      |
|                                                 |               |                 | 1.76%         | 08/15/22               | 22                        |                            |                      |
|                                                 |               |                 | 1.76%         | 08/15/23               | 22                        |                            |                      |
|                                                 |               |                 | 1.76%         | 08/15/24               | 27                        |                            |                      |
|                                                 |               |                 | 1.76%         | 08/15/25               | 29                        |                            |                      |
|                                                 |               |                 | 1.76%         | 08/15/26               | 30                        |                            |                      |
|                                                 |               |                 |               |                        |                           | -                          | 311                  |
| <b>Total Payable From Other Revenues</b>        |               |                 |               |                        |                           | 15,834,997                 | 19,407,966           |
| <b>Total Debt Service Requirements</b>          |               |                 |               |                        |                           | <u>\$ 20,586,579</u>       | <u>\$ 25,004,504</u> |

This part of the Borough of Carlisle's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

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#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

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#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

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#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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**BOROUGH OF CARLISLE**  
**Financial Trends Information**  
**Net Position by Component**  
**Last Ten Fiscal Years (accrual basis of accounting)**

**Schedule 1**

|                                             | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                             | 2016                 | 2015 <sup>(c)</sup>  | 2014                 | 2013                 | 2012 <sup>(b)</sup>  | 2011                 | 2010                 | 2009                 | 2008                 | 2007 <sup>(a)</sup>  |
| Governmental activities                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 13,410,957        | \$ 12,697,315        | \$ 11,989,362        | \$ 11,996,855        | \$ 12,397,511        | \$ 13,129,127        | \$ 11,218,027        | \$ 11,436,491        | \$ 11,207,611        | \$ 11,003,045        |
| Restricted                                  | 2,888,319            | 1,905,409            | 1,661,790            | 1,280,889            | 1,042,114            | 1,066,606            | 1,197,410            | 978,944              | 819,991              | 510,121              |
| Unrestricted                                | <u>3,392,972</u>     | <u>4,830,596</u>     | <u>4,684,908</u>     | <u>4,618,890</u>     | <u>3,515,525</u>     | <u>2,939,165</u>     | <u>3,420,335</u>     | <u>3,133,037</u>     | <u>4,406,030</u>     | <u>5,556,906</u>     |
| Total governmental activities net position  | <u>\$ 19,692,248</u> | <u>\$ 19,433,320</u> | <u>\$ 18,336,060</u> | <u>\$ 17,896,634</u> | <u>\$ 16,955,150</u> | <u>\$ 17,134,898</u> | <u>\$ 15,835,772</u> | <u>\$ 15,548,472</u> | <u>\$ 16,433,632</u> | <u>\$ 17,070,072</u> |
| Business-type activities                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 19,806,889        | \$ 21,331,813        | \$ 22,961,322        | \$ 23,674,750        | \$ 25,700,468        | \$ 23,989,064        | \$ 17,659,345        | \$ 13,380,511        | \$ 14,885,950        | \$ 12,392,124        |
| Unrestricted                                | <u>13,515,836</u>    | <u>10,998,309</u>    | <u>8,682,416</u>     | <u>7,162,959</u>     | <u>5,029,342</u>     | <u>5,734,329</u>     | <u>6,322,691</u>     | <u>5,086,116</u>     | <u>2,367,862</u>     | <u>3,914,463</u>     |
| Total business-type activities net position | <u>\$ 33,322,725</u> | <u>\$ 32,330,122</u> | <u>\$ 31,643,738</u> | <u>\$ 30,837,709</u> | <u>\$ 30,729,810</u> | <u>\$ 29,723,393</u> | <u>\$ 23,982,036</u> | <u>\$ 18,466,627</u> | <u>\$ 17,253,812</u> | <u>\$ 16,306,587</u> |
| Primary government                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 33,217,846        | \$ 34,029,128        | \$ 34,950,684        | \$ 35,671,605        | \$ 38,097,979        | \$ 37,118,191        | \$ 28,877,372        | \$ 24,817,002        | \$ 26,093,561        | \$ 23,395,169        |
| Restricted                                  | 2,888,319            | 1,905,409            | 1,661,790            | 1,280,889            | 1,042,114            | 1,066,606            | 1,197,410            | 978,944              | 564,776              | 510,121              |
| Unrestricted                                | <u>16,908,808</u>    | <u>15,828,905</u>    | <u>13,367,324</u>    | <u>11,781,849</u>    | <u>8,544,867</u>     | <u>8,673,494</u>     | <u>9,743,026</u>     | <u>8,219,153</u>     | <u>7,065,501</u>     | <u>9,471,369</u>     |
| Total primary government net position       | <u>\$ 53,014,973</u> | <u>\$ 51,763,442</u> | <u>\$ 49,979,798</u> | <u>\$ 48,734,343</u> | <u>\$ 47,684,960</u> | <u>\$ 46,858,291</u> | <u>\$ 39,817,808</u> | <u>\$ 34,015,099</u> | <u>\$ 33,687,444</u> | <u>\$ 33,376,659</u> |

<sup>a</sup> During 2007 the Borough implemented the infrastructure provisions of GASB 34 and added infrastructure reporting for governmental activities. In addition, there were several prior period restatements that increased net position.

<sup>b</sup> During 2012 the Borough implemented items previously reported as assets and liabilities provisions of GASB 65 which changed how bond issue costs were recorded. Prior year amounts have not been restated and are shown based on the reporting requirements prior to the implementation of GASB 65.

<sup>c</sup> During 2015 the Borough implemented the net pension obligation provisions of GASB 68 for governmental activities and business-type activities. Prior year amounts have not been restated and are shown based on the reporting requirements prior to the implementation of GASB 68.

Source: DOF compilation of data.

**BOROUGH OF CARLISLE**  
**Financial Trends Information**  
**Changes in Net Position**  
**Last Ten Fiscal Years (accrual basis of accounting)**

**Schedule 2**

|                                                 | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                 | 2016                 | 2015                 | 2014                 | 2013                 | 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 |
| <b>Program Revenues</b>                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities:                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for Services:                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                              | \$ 530,175           | \$ 306,102           | \$ 293,713           | \$ 430,867           | \$ 388,062           | \$ 368,645           | \$ 337,457           | \$ 399,878           | \$ 318,635           | \$ 288,716           |
| Public safety                                   | 664,413              | 694,933              | 725,235              | 781,414              | 881,831              | 609,358              | 774,807              | 518,431              | 759,519              | 699,639              |
| Public services                                 | 63,094               | 44,446               | 38,798               | 40,218               | 120,437              | 161,378              | 217,415              | 226,695              | 151,488              | 235,749              |
| Parks and recreation                            | 308,928              | 347,134              | 298,667              | 271,819              | 255,113              | 298,555              | 289,603              | 258,728              | 250,178              | 250,429              |
| Operating grants and contributions              | 1,283,339            | 1,259,460            | 1,304,787            | 1,599,715            | 1,305,212            | 1,792,300            | 1,301,425            | 1,941,686            | 1,601,798            | 1,311,754            |
| Capital grants and contributions                | 1,162,135            | 929,627              | 1,103,549            | 932,994              | 538,371              | 2,544,201            | 1,511,469            | 749,495              | 1,431,184            | 2,153,361            |
| Total governmental activities program revenues  | <u>4,012,084</u>     | <u>3,581,702</u>     | <u>3,764,749</u>     | <u>4,057,027</u>     | <u>3,489,026</u>     | <u>5,774,437</u>     | <u>4,432,176</u>     | <u>4,094,913</u>     | <u>4,512,802</u>     | <u>4,939,648</u>     |
| Business-type Activities:                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for Services:                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water                                           | 4,184,024            | 4,093,002            | 3,970,748            | 3,490,867            | 3,630,700            | 3,440,334            | 3,518,170            | 3,487,146            | 3,401,695            | 3,353,388            |
| Sewer                                           | 6,087,099            | 5,527,954            | 5,398,185            | 4,979,628            | 4,971,586            | 4,753,521            | 4,190,411            | 4,189,534            | 4,349,925            | 4,491,239            |
| Parking                                         | 671,278              | 629,194              | 592,635              | 504,637              | 538,470              | 508,690              | 445,467              | 505,924              | 458,399              | 449,307              |
| Solid Waste                                     | 670,597              | 657,019              | 599,122              | 597,397              | 590,330              | 584,550              | 751,393              | 612,074              | 834,393              | 906,256              |
| Operating grants and contributions              | 35,146               | 39,938               | 62,465               | 101,137              | 97,250               | 316,210              | 95,144               | 68,140               | 134,930              | 55,448               |
| Capital grants and contributions                | 62,111               | 241,649              | 46,207               | 81,037               | 874,230              | 5,121,367            | 4,906,033            | 1,307,279            | 158,814              | -                    |
| Total business-type activities program revenues | <u>11,710,255</u>    | <u>11,188,756</u>    | <u>10,669,362</u>    | <u>9,754,703</u>     | <u>10,702,566</u>    | <u>14,724,672</u>    | <u>13,906,618</u>    | <u>10,170,097</u>    | <u>9,338,156</u>     | <u>9,255,638</u>     |
| Total primary government program revenues       | <u>\$ 15,722,339</u> | <u>\$ 14,770,458</u> | <u>\$ 14,434,111</u> | <u>\$ 13,811,730</u> | <u>\$ 14,191,592</u> | <u>\$ 20,499,109</u> | <u>\$ 18,338,794</u> | <u>\$ 14,265,010</u> | <u>\$ 13,850,958</u> | <u>\$ 14,195,286</u> |
| <b>Expenses</b>                                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities:                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                              | \$ 1,303,148         | \$ 1,232,564         | \$ 1,416,153         | \$ 1,385,330         | \$ 1,382,247         | \$ 1,402,176         | \$ 1,629,212         | \$ 1,458,101         | \$ 1,361,546         | \$ 1,220,863         |
| Public safety                                   | 6,000,082            | 5,603,645            | 5,459,908            | 5,623,928            | 5,610,486            | 5,447,786            | 5,182,318            | 5,099,069            | 5,116,653            | 4,634,640            |
| Public services                                 | 2,648,369            | 2,240,600            | 2,208,735            | 2,085,120            | 2,144,972            | 2,530,880            | 1,746,679            | 2,112,597            | 2,026,336            | 2,117,144            |
| Parks and recreation                            | 1,182,586            | 1,082,679            | 1,028,150            | 1,064,555            | 1,074,170            | 1,068,128            | 1,060,381            | 1,011,807            | 1,038,306            | 884,046              |
| Conservation and community development          | 243,669              | 397,077              | 419,715              | 589,086              | 449,639              | 760,713              | 339,816              | 1,089,927            | 984,054              | 790,665              |
| Interest on long-term debt                      | 151,944              | 157,743              | 166,114              | 200,896              | 165,837              | 150,178              | 242,704              | 280,993              | 303,988              | 313,139              |
| Total governmental activities expenses          | <u>\$ 11,529,798</u> | <u>\$ 10,714,308</u> | <u>\$ 10,698,775</u> | <u>\$ 10,948,915</u> | <u>\$ 10,827,351</u> | <u>\$ 11,359,861</u> | <u>\$ 10,201,110</u> | <u>\$ 11,052,494</u> | <u>\$ 10,830,883</u> | <u>\$ 9,960,497</u>  |

**BOROUGH OF CARLISLE**  
**Financial Trends Information**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years (accrual basis of accounting)**

**Schedule 2**

|                                                           | Fiscal Year           |                       |                       |                       |                       |                      |                      |                       |                       |                       |
|-----------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
|                                                           | 2016                  | 2015                  | 2014                  | 2013                  | 2012                  | 2011                 | 2010                 | 2009                  | 2008                  | 2007                  |
| Business-type Activities:                                 |                       |                       |                       |                       |                       |                      |                      |                       |                       |                       |
| Water                                                     | \$ 4,091,163          | \$ 3,866,185          | \$ 3,736,745          | \$ 3,674,170          | \$ 3,473,552          | \$ 3,192,788         | \$ 3,224,182         | \$ 3,292,299          | \$ 3,133,859          | \$ 3,189,551          |
| Sewer                                                     | 5,459,634             | 5,477,005             | 5,282,663             | 5,279,620             | 5,256,740             | 4,904,537            | 4,698,686            | 4,640,534             | 4,496,131             | 4,682,054             |
| Parking                                                   | 522,117               | 517,686               | 465,084               | 422,840               | 404,801               | 401,965              | 403,481              | 422,639               | 406,684               | 406,960               |
| Solid Waste                                               | 727,257               | 688,792               | 683,205               | 716,329               | 726,044               | 675,590              | 776,044              | 701,953               | 767,391               | 928,369               |
| Total business-type activities expenses                   | <u>10,800,171</u>     | <u>10,549,668</u>     | <u>10,167,697</u>     | <u>10,092,959</u>     | <u>9,861,137</u>      | <u>9,174,880</u>     | <u>9,102,393</u>     | <u>9,057,425</u>      | <u>8,804,065</u>      | <u>9,206,934</u>      |
| Total primary government expense                          | <u>\$ 22,329,969</u>  | <u>\$ 21,263,976</u>  | <u>\$ 20,866,472</u>  | <u>\$ 21,041,874</u>  | <u>\$ 20,688,488</u>  | <u>\$ 20,534,741</u> | <u>\$ 19,303,503</u> | <u>\$ 20,109,919</u>  | <u>\$ 19,634,948</u>  | <u>\$ 19,167,431</u>  |
| <b>Net (Expense)/Revenue</b>                              |                       |                       |                       |                       |                       |                      |                      |                       |                       |                       |
| Governmental activities                                   | \$ (7,517,714)        | \$ (7,132,606)        | \$ (6,934,026)        | \$ (6,891,888)        | \$ (7,338,325)        | \$ (5,585,424)       | \$ (5,768,934)       | \$ (6,957,581)        | \$ (6,318,081)        | \$ (5,020,849)        |
| Business-type activities                                  | 910,084               | 639,088               | 501,665               | (338,256)             | 841,429               | 5,549,792            | 4,804,225            | 1,112,672             | 534,091               | 48,704                |
| Total primary government net expense                      | <u>\$ (6,607,630)</u> | <u>\$ (6,493,518)</u> | <u>\$ (6,432,361)</u> | <u>\$ (7,230,144)</u> | <u>\$ (6,496,896)</u> | <u>\$ (35,632)</u>   | <u>\$ (964,709)</u>  | <u>\$ (5,844,909)</u> | <u>\$ (5,783,990)</u> | <u>\$ (4,972,145)</u> |
| <b>General Revenues and Other Changes in Net Position</b> |                       |                       |                       |                       |                       |                      |                      |                       |                       |                       |
| Governmental Activities:                                  |                       |                       |                       |                       |                       |                      |                      |                       |                       |                       |
| Taxes:                                                    |                       |                       |                       |                       |                       |                      |                      |                       |                       |                       |
| Real estate                                               | \$ 4,636,777          | \$ 4,616,320          | \$ 4,611,089          | \$ 4,671,594          | \$ 4,349,011          | \$ 4,347,819         | \$ 4,089,598         | \$ 3,555,061          | \$ 3,185,069          | \$ 2,974,484          |
| Earned income                                             | 1,933,846             | 1,865,042             | 1,925,605             | 2,029,280             | 1,846,391             | 1,599,551            | 1,402,395            | 1,445,537             | 1,407,565             | 1,785,044             |
| Real estate transfer                                      | 259,974               | 600,243               | 239,041               | 386,226               | 392,562               | 217,383              | 286,365              | 249,947               | 327,727               | 629,445               |
| Other                                                     | 794,947               | 757,100               | 779,368               | 694,660               | 672,203               | 731,764              | 687,628              | 795,032               | 788,097               | 1,102,639             |
| Investment earnings                                       | 41,814                | 10,918                | 10,842                | 16,850                | 10,554                | 24,189               | 21,171               | 45,878                | 265,076               | 521,578               |
| Miscellaneous                                             | 109,284               | 111,166               | 26,904                | 19,906                | 1,068                 | 3,107                | 44,387               | 29,881                | 1,269                 | 823                   |
| Transfers                                                 | -                     | -                     | (219,397)             | 14,856                | (81,627)              | (39,263)             | (475,310)            | (48,915)              | (183,314)             | (122,259)             |
| Total governmental activities                             | <u>7,776,642</u>      | <u>7,960,789</u>      | <u>7,373,452</u>      | <u>7,833,372</u>      | <u>7,190,162</u>      | <u>6,884,550</u>     | <u>6,056,234</u>     | <u>6,072,421</u>      | <u>5,791,489</u>      | <u>6,891,754</u>      |
| Business-type Activities:                                 |                       |                       |                       |                       |                       |                      |                      |                       |                       |                       |
| Investment earnings                                       | 41,331                | 8,123                 | 5,866                 | 4,773                 | 10,255                | 11,519               | 33,730               | 10,674                | 55,024                | 134,918               |
| Gain on sale of capital asset                             | 17,864                | 10,950                | 17,265                | 33,215                | 10,592                | -                    | 915                  | -                     | -                     | 142,644               |
| Miscellaneous                                             | 23,324                | 26,359                | 61,836                | 423,023               | 163,988               | 140,783              | 125,861              | 40,554                | 64,949                | 26,314                |
| Transfers                                                 | -                     | -                     | 219,397               | (14,856)              | 81,627                | 39,263               | 475,310              | 48,915                | 183,314               | 122,259               |
| Total business-type activities                            | <u>82,519</u>         | <u>45,432</u>         | <u>304,364</u>        | <u>446,155</u>        | <u>266,462</u>        | <u>191,565</u>       | <u>635,816</u>       | <u>100,143</u>        | <u>303,287</u>        | <u>426,135</u>        |
| Total primary government                                  | <u>\$ 7,859,161</u>   | <u>\$ 8,006,221</u>   | <u>\$ 7,677,816</u>   | <u>\$ 8,279,527</u>   | <u>\$ 7,456,624</u>   | <u>\$ 7,076,115</u>  | <u>\$ 6,692,050</u>  | <u>\$ 6,172,564</u>   | <u>\$ 6,094,776</u>   | <u>\$ 7,317,889</u>   |
| <b>Change in Net Position</b>                             |                       |                       |                       |                       |                       |                      |                      |                       |                       |                       |
| Governmental activities                                   | \$ 258,928            | \$ 828,183            | \$ 439,426            | \$ 941,484            | \$ (148,163)          | \$ 1,299,126         | \$ 287,300           | \$ (885,160)          | \$ (526,592)          | \$ 1,870,905          |
| Business-type activities                                  | <u>992,603</u>        | <u>684,520</u>        | <u>806,029</u>        | <u>107,899</u>        | <u>1,107,891</u>      | <u>5,741,357</u>     | <u>5,440,041</u>     | <u>1,212,815</u>      | <u>837,378</u>        | <u>474,839</u>        |
| Total primary government                                  | <u>\$ 1,251,531</u>   | <u>\$ 1,512,703</u>   | <u>\$ 1,245,455</u>   | <u>\$ 1,049,383</u>   | <u>\$ 959,728</u>     | <u>\$ 7,040,483</u>  | <u>\$ 5,727,341</u>  | <u>\$ 327,655</u>     | <u>\$ 310,786</u>     | <u>\$ 2,345,744</u>   |

Source: DOF compilation of data.

**BOROUGH OF CARLISLE**  
**Financial Trends Information**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (accrual basis of accounting)**

**Schedule 3**

|                                    | Fiscal Year         |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | 2016                | 2015                | 2014                | 2013                | 2012                | 2011                | 2010                | 2009                | 2008                | 2007                |
| General Fund                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Nonspendable                       | \$ 315,062          | \$ 303,198          | \$ 348,915          | \$ 294,066          | \$ 312,999          | \$ 378,510          | \$ -                | \$ -                | \$ -                | \$ -                |
| Spendable                          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Restricted                         | 1,682,519           | 641,228             | 547,936             | 162,891             | 74,483              | 14,225              | -                   | -                   | -                   | -                   |
| Committed                          | 3,865,506           | 2,551,650           | 2,565,376           | 55,607              | 100,455             | 120,606             | -                   | -                   | -                   | -                   |
| Assigned                           | 429,213             | 433,813             | 597,500             | 17,000              |                     |                     |                     |                     |                     |                     |
| Unassigned                         | 888,381             | 2,230,983           | 2,508,370           | 4,835,056           | 3,778,898           | 3,001,316           | -                   | -                   | -                   | -                   |
| Reserved                           | -                   | -                   | -                   | -                   | -                   | -                   | 1,239,872           | 579,566             | 391,314             | 289,556             |
| Unreserved:                        |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Designated                         | -                   | -                   | -                   | -                   | -                   | -                   | 199,510             | 270,891             | 314,362             | 512,758             |
| Undesignated                       | -                   | -                   | -                   | -                   | -                   | -                   | 1,618,755           | 2,239,820           | 3,197,074           | 3,572,112           |
| Total General Fund                 | <u>7,180,681</u>    | <u>6,160,872</u>    | <u>6,568,097</u>    | <u>5,364,620</u>    | <u>4,266,835</u>    | <u>3,514,657</u>    | <u>3,058,137</u>    | <u>3,090,277</u>    | <u>3,902,750</u>    | <u>4,374,426</u>    |
| All Other Governmental Funds       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Restricted                         | 1,205,800           | 1,264,181           | 1,113,854           | 1,117,998           | 1,028,399           | 1,052,381           | -                   | -                   | -                   | -                   |
| Reserved                           | -                   | -                   | -                   | -                   | -                   | -                   | 1,197,410           | 760,281             | 452,173             | 509,824             |
| Unreserved                         | -                   | -                   | -                   | -                   | -                   | -                   | 134,611             | 846,348             | 1,285,776           | 2,497,193           |
| Total All Other Governmental Funds | <u>1,205,800</u>    | <u>1,264,181</u>    | <u>1,113,854</u>    | <u>1,117,998</u>    | <u>1,028,399</u>    | <u>1,052,381</u>    | <u>1,332,021</u>    | <u>1,606,629</u>    | <u>1,737,949</u>    | <u>3,007,017</u>    |
| Total Governmental Funds           | <u>\$ 8,386,481</u> | <u>\$ 7,425,053</u> | <u>\$ 7,681,951</u> | <u>\$ 6,482,618</u> | <u>\$ 5,295,234</u> | <u>\$ 4,567,038</u> | <u>\$ 4,390,158</u> | <u>\$ 4,696,906</u> | <u>\$ 5,640,699</u> | <u>\$ 7,381,443</u> |

**Note:** Fund balance reporting as prescribed by GASB 54 was implemented during 2011. Prior year amounts have not been restated and are shown based on the fund balance classifications as prescribed by GASB Standards prior to the implementation of GASB 54.

Source: DOF compilation of data.

**BOROUGH OF CARLISLE**  
**Financial Trends Information**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (accrual basis of accounting)**

Schedule 4

|                                                          | Fiscal Year       |                     |                     |                     |                   |                   |                     |                     |                       |                   |
|----------------------------------------------------------|-------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-----------------------|-------------------|
|                                                          | 2016              | 2015                | 2014                | 2013                | 2012              | 2011              | 2010                | 2009                | 2008                  | 2007              |
| <b>Revenues</b>                                          |                   |                     |                     |                     |                   |                   |                     |                     |                       |                   |
| Real Estate                                              | \$ 4,671,284      | \$ 4,657,470        | \$ 4,596,658        | \$ 4,638,189        | \$ 4,338,373      | \$ 4,337,361      | \$ 4,087,796        | \$ 3,530,721        | \$ 3,201,863          | \$ 3,089,535      |
| Earned income                                            | 1,908,801         | 1,829,589           | 1,968,913           | 1,859,764           | 1,836,866         | 1,611,230         | 1,413,118           | 1,470,913           | 1,396,288             | 1,771,959         |
| Real estate transfer                                     | 259,974           | 600,243             | 239,041             | 386,226             | 392,562           | 217,383           | 286,365             | 249,947             | 327,727               | 629,445           |
| Other taxes                                              | 780,753           | 742,444             | 763,919             | 680,015             | 656,488           | 716,413           | 672,778             | 781,431             | 772,977               | 1,090,866         |
| Licenses and permits                                     | 622,317           | 491,213             | 500,148             | 589,654             | 722,507           | 449,696           | 572,817             | 446,445             | 506,043               | 457,014           |
| Fines and forfeits                                       | 158,871           | 186,816             | 194,348             | 223,413             | 230,116           | 238,128           | 336,087             | 319,185             | 323,538               | 316,833           |
| Investment income                                        | 41,814            | 10,918              | 10,842              | 16,850              | 10,554            | 24,189            | 21,698              | 46,580              | 265,076               | 521,578           |
| Rents                                                    | 61,100            | 70,335              | 72,080              | 61,390              | 58,439            | 66,701            | 91,338              | 73,042              | 42,250                | 36,934            |
| Intergovernmental                                        | 2,491,977         | 1,769,988           | 1,774,800           | 2,406,810           | 1,830,971         | 4,161,356         | 2,691,984           | 2,285,368           | 2,171,347             | 1,870,554         |
| Charges for services                                     | 287,878           | 308,312             | 253,192             | 223,654             | 220,924           | 278,492           | 232,303             | 191,417             | 264,955               | 450,603           |
| Other                                                    | 473,313           | 807,869             | 343,460             | 600,554             | 474,588           | 620,055           | 473,508             | 644,634             | 491,160               | 394,273           |
| Total revenues                                           | <u>11,758,082</u> | <u>11,475,197</u>   | <u>10,717,401</u>   | <u>11,686,519</u>   | <u>10,772,388</u> | <u>12,721,004</u> | <u>10,879,792</u>   | <u>10,039,683</u>   | <u>9,763,224</u>      | <u>10,629,594</u> |
| <b>Expenditures</b>                                      |                   |                     |                     |                     |                   |                   |                     |                     |                       |                   |
| General government                                       | 1,269,990         | 1,175,464           | 1,304,287           | 1,309,805           | 1,332,775         | 1,475,065         | 1,715,750           | 1,406,553           | 1,386,183             | 1,219,816         |
| Public safety                                            | 5,962,703         | 6,331,307           | 5,265,141           | 5,259,574           | 5,126,670         | 4,992,324         | 4,659,526           | 4,807,997           | 4,728,118             | 4,423,668         |
| Public services                                          | 2,149,503         | 1,801,269           | 1,731,455           | 1,643,060           | 1,731,981         | 3,944,214         | 2,450,912           | 1,630,186           | 1,662,665             | 1,865,638         |
| Parks and recreation                                     | 1,945,141         | 922,966             | 988,899             | 1,295,093           | 970,077           | 947,962           | 1,037,249           | 947,404             | 1,437,198             | 1,323,801         |
| Conservation and community development                   | 255,277           | 422,213             | 433,963             | 590,664             | 449,630           | 760,971           | 339,970             | 1,089,914           | 957,156               | 815,653           |
| Refund of prior year receipts                            | -                 | -                   | -                   | -                   | -                 | 21,807            | -                   | -                   | -                     | -                 |
| Debt service:                                            |                   |                     |                     |                     |                   |                   |                     |                     |                       |                   |
| Bond issue costs                                         | -                 | -                   | -                   | -                   | -                 | 6,691             | 26,810              | -                   | -                     | -                 |
| Principal                                                | 492,821           | 446,595             | 439,231             | 305,020             | 380,200           | 243,106           | 319,463             | 335,000             | 325,000               | 315,000           |
| Interest and fiscal charges                              | 137,288           | 146,346             | 143,846             | 227,146             | 164,050           | 133,703           | 232,856             | 280,795             | 305,042               | 300,415           |
| Total expenditures                                       | <u>12,212,723</u> | <u>11,246,160</u>   | <u>10,306,822</u>   | <u>10,630,362</u>   | <u>10,155,383</u> | <u>12,525,843</u> | <u>10,782,536</u>   | <u>10,497,849</u>   | <u>10,801,362</u>     | <u>10,263,991</u> |
| Excess of revenues over/(under) expenditures             | <u>(454,641)</u>  | <u>229,037</u>      | <u>410,579</u>      | <u>1,056,157</u>    | <u>617,005</u>    | <u>195,161</u>    | <u>97,256</u>       | <u>(458,166)</u>    | <u>(1,038,138)</u>    | <u>365,603</u>    |
| <b>Other Financing Sources (Uses)</b>                    |                   |                     |                     |                     |                   |                   |                     |                     |                       |                   |
| Transfers in                                             | 190,569           | 105,481             | 190,989             | 121,723             | 148,673           | 100,759           | 923,865             | 2,102,930           | 1,181,902             | 1,047,002         |
| Transfers out                                            | (190,569)         | (105,481)           | (410,386)           | (106,867)           | (230,300)         | (140,022)         | (1,399,175)         | (2,151,845)         | (1,365,216)           | (1,169,261)       |
| Proceeds from sale of property                           | 78,283            | 109,209             | 18,900              | 17,786              | 4,181             | 7,970             | 14,174              | 2,302               | 3,957                 | 2,693             |
| Refund of prior year expenditures                        | -                 | -                   | -                   | -                   | -                 | -                 | -                   | 28,222              | -                     | -                 |
| Bond reallocation                                        | -                 | (605,764)           | -                   | -                   | -                 | -                 | -                   | (453,418)           | -                     | -                 |
| Bond discount/issue costs                                | -                 | -                   | -                   | -                   | -                 | 23,340            | -                   | -                   | -                     | -                 |
| Proceeds from issuance of bonds                          | 1,959,285         | 10,620              | 989,251             | 4,397,198           | 254,148           | 868,649           | 4,930,367           | -                   | -                     | -                 |
| Payment to refund bond                                   | (621,499)         | -                   | -                   | (4,279,680)         | -                 | (866,262)         | (4,903,557)         | -                   | -                     | -                 |
| Total other financing sources (uses)                     | <u>1,416,069</u>  | <u>(485,935)</u>    | <u>788,754</u>      | <u>150,160</u>      | <u>176,702</u>    | <u>(5,566)</u>    | <u>(434,326)</u>    | <u>(471,809)</u>    | <u>(179,357)</u>      | <u>(119,566)</u>  |
| Net change in fund balances                              | <u>\$ 961,428</u> | <u>(\$ 256,898)</u> | <u>\$ 1,199,333</u> | <u>\$ 1,206,317</u> | <u>\$ 793,707</u> | <u>\$ 189,595</u> | <u>(\$ 337,070)</u> | <u>(\$ 929,975)</u> | <u>(\$ 1,217,495)</u> | <u>\$ 246,037</u> |
| Debt service as a percentage of non-capital expenditures | 6.1%              | 6.0%                | 6.4%                | 5.4%                | 5.6%              | 3.7%              | 6.1%                | 6.3%                | 7.0%                  | 7.9%              |
| Debt service as a percentage of total expenditures       | 5.2%              | 5.3%                | 5.7%                | 5.0%                | 5.4%              | 3.0%              | 5.1%                | 5.9%                | 5.8%                  | 6.0%              |

Source: DOF compilation of data.

**BOROUGH OF CARLISLE**  
**Revenue Capacity Information**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Schedule 5

| <i>Fiscal Year</i> | Total Assessed<br>Value of Real<br>Property | Real Property<br>Exemptions | Percentage of<br>Exemptions | Assessed Value of<br>Taxable Real<br>Property | Percentage<br>Change from<br>Previous year | Total Direct<br>Tax Rate | Total Direct<br>Fire Tax Rate<br>(included in Total<br>Direct Tax Rate) | Estimated<br>Actual Taxable<br>Value | Assessed Value as<br>a Percentage of<br>Actual Value |
|--------------------|---------------------------------------------|-----------------------------|-----------------------------|-----------------------------------------------|--------------------------------------------|--------------------------|-------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------|
| 2016               | \$ 1,947,489,000                            | \$ 504,732,700              | 25.9%                       | \$ 1,442,756,300                              | 1.01%                                      | 3.28                     | 0.22                                                                    | \$ 1,947,489,000                     | 100.0%                                               |
| 2015               | 1,937,063,700                               | 508,795,200                 | 26.3%                       | 1,428,268,500                                 | -0.17%                                     | 3.28                     | 0.22                                                                    | 1,937,063,700                        | 100.0%                                               |
| 2014               | 1,928,046,730                               | 497,336,500                 | 25.8%                       | 1,430,710,230                                 | -0.63%                                     | 3.28                     | 0.22                                                                    | 1,928,046,730                        | 100.0%                                               |
| 2013               | 1,931,196,600                               | 491,391,400                 | 25.4%                       | 1,439,805,200                                 | 0.37%                                      | 3.28                     | 0.22                                                                    | 1,931,196,600                        | 100.0%                                               |
| 2012               | 1,916,182,800                               | 481,665,500                 | 25.1%                       | 1,434,517,300                                 | -0.35%                                     | 3.06                     | 0.00                                                                    | 1,916,182,800                        | 100.0%                                               |
| 2011               | 1,919,045,100                               | 479,440,200                 | 25.0%                       | 1,439,604,900                                 | 23.14%                                     | 3.06                     | 0.00                                                                    | 1,919,045,100                        | 100.0%                                               |
| 2010               | 1,601,748,320                               | 432,652,530                 | 27.0%                       | 1,169,095,790                                 | -0.05%                                     | 3.57                     | 0.00                                                                    | 1,601,748,320                        | 100.0%                                               |
| 2009               | 1,600,843,540                               | 431,147,350                 | 26.9%                       | 1,169,696,190                                 | 1.61%                                      | 3.08                     | 0.00                                                                    | 1,600,843,540                        | 100.0%                                               |
| 2008               | 1,557,885,360                               | 406,722,630                 | 26.1%                       | 1,151,162,730                                 | 1.64%                                      | 2.81                     | 0.00                                                                    | 1,557,885,360                        | 100.0%                                               |
| 2007               | 1,534,630,000                               | 402,018,850                 | 26.2%                       | 1,132,611,150                                 | 0.89%                                      | 2.81                     | 0.00                                                                    | 1,534,630,000                        | 100.0%                                               |

Source: DOF analysis of county assessment data.

**BOROUGH OF CARLISLE**  
**Revenue Capacity Information**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years (rate per \$ 1,000 of assessed value)**

Schedule 6

| Borough of Carlisle |                   |                  |              | Overlapping Rates <sup>(a)</sup>    |                                   |                      |                                                 |                        |                             |
|---------------------|-------------------|------------------|--------------|-------------------------------------|-----------------------------------|----------------------|-------------------------------------------------|------------------------|-----------------------------|
| <i>Fiscal Year</i>  | Operating Millage | Fire Tax Millage | Total Direct | Cumberland County Operating Millage | Cumberland County Library Millage | Total County Millage | Carlisle Area School District Operating Millage | Total Overlapping Rate | Borough Percentage of Total |
| 2016                | 3.058             | 0.217            | 3.275        | 2.195                               | 0.143                             | 2.338                | 13.641                                          | 19.254                 | 17.01%                      |
| 2015                | 3.058             | 0.217            | 3.275        | 2.195                               | 0.143                             | 2.338                | 13.244                                          | 18.857                 | 17.37%                      |
| 2014                | 3.058             | 0.217            | 3.275        | 2.195                               | 0.143                             | 2.338                | 12.933                                          | 18.546                 | 17.66%                      |
| 2013                | 3.058             | 0.217            | 3.275        | 2.131                               | 0.143                             | 2.274                | 12.606                                          | 18.155                 | 18.04%                      |
| 2012                | 3.058             | 0.000            | 3.058        | 1.902                               | 0.143                             | 2.045                | 12.371                                          | 17.474                 | 17.50%                      |
| 2011                | 3.058             | 0.000            | 3.058        | 1.902                               | 0.143                             | 2.045                | 12.260                                          | 17.363                 | 17.61%                      |
| 2010                | 3.570             | 0.000            | 3.570        | 2.399                               | 0.180                             | 2.579                | 14.830                                          | 20.979                 | 17.02%                      |
| 2009                | 3.080             | 0.000            | 3.080        | 2.399                               | 0.180                             | 2.579                | 14.330                                          | 19.989                 | 15.41%                      |
| 2008                | 2.810             | 0.000            | 2.810        | 2.285                               | 0.180                             | 2.465                | 13.800                                          | 19.075                 | 14.73%                      |
| 2007                | 2.810             | 0.000            | 2.810        | 2.285                               | 0.180                             | 2.465                | 13.100                                          | 18.375                 | 15.29%                      |

Source: DOF analysis of borough, county, and school district data.

<sup>a</sup> Overlapping rates are those of local and county governments that apply to property owners within the Borough of Carlisle.

**BOROUGH OF CARLISLE**  
**Revenue Capacity Information**  
**Principal Property Taxpayers**  
**Current Year and Ten Years Ago**

Schedule 7

| Taxpayer                            | 2016                    |      |                                                    | 2006                    |      |                                                    |
|-------------------------------------|-------------------------|------|----------------------------------------------------|-------------------------|------|----------------------------------------------------|
|                                     | Taxable Assessed Value  | Rank | Percentage of Total Borough Taxable Assessed Value | Taxable Assessed Value  | Rank | Percentage of Total Borough Taxable Assessed Value |
| LIT Industrial LP                   | \$ 42,500,000           | 1    | 2.9%                                               | \$                      |      |                                                    |
| Carlisle Commons LLC                | 35,877,300              | 2    | 2.5%                                               | 25,297,870              | 3    | 2.2%                                               |
| Allen Distribution                  | 30,704,500              | 3    | 2.1%                                               | 26,628,840              | 2    | 2.4%                                               |
| Carlisle Corporation                | 22,675,000              | 4    | 1.6%                                               |                         |      |                                                    |
| KTRPA Cent LLC                      | 19,300,000              | 5    | 1.3%                                               |                         |      |                                                    |
| Giant Food Stores LLC               | 18,300,000              | 6    | 1.3%                                               |                         |      |                                                    |
| Ross Stores Pennsylvania LP         | 15,975,000              | 7    | 1.1%                                               | 15,580,290              | 4    | 1.4%                                               |
| Patriarch Seven Gables LP           | 11,800,000              | 8    | 0.8%                                               |                         |      |                                                    |
| Headlands Realty Corp.              | 11,603,000              | 9    | 0.8%                                               |                         |      |                                                    |
| Clover-Carlisle LLC                 | 10,500,000              | 10   | 0.7%                                               |                         |      |                                                    |
| Inland Southeast Carlisle Dis       |                         |      |                                                    | 36,371,310              | 1    | 3.2%                                               |
| RA Carlisle, LLC                    |                         |      |                                                    | 13,348,710              | 5    | 1.2%                                               |
| Dickinson College                   |                         |      |                                                    | 11,214,750              | 6    | 1.0%                                               |
| Fulk US Property                    |                         |      |                                                    | 11,006,000              | 7    | 1.0%                                               |
| Carlisle Realty Partners            |                         |      |                                                    | 10,264,760              | 8    | 0.9%                                               |
| Masland Acquisition Co.             |                         |      |                                                    | 9,161,320               | 9    | 0.8%                                               |
| Carlisle Hospital & Health Services |                         |      |                                                    | 8,386,530               | 10   | 0.7%                                               |
| Total                               | \$ 219,234,800          |      | 15.1%                                              | \$ 167,260,380          |      | 14.8%                                              |
| <b>Total Taxable Assessed Value</b> | <b>\$ 1,442,756,300</b> |      |                                                    | <b>\$ 1,132,611,150</b> |      |                                                    |

Note: 2007 information not available.

Source: DOF analysis of county assessment data.

**BOROUGH OF CARLISLE**  
**Revenue Capacity Information**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

**Schedule 8**

| <i>Fiscal Year</i> | Taxes Levied for the Fiscal Year | Fire Tax Levied for the Fiscal Year | Total Direct Tax Levied for the Fiscal Year | Collected Within the Fiscal Year of Levy |                    | Collections in Subsequent Years | Total Collections to Date |                    |
|--------------------|----------------------------------|-------------------------------------|---------------------------------------------|------------------------------------------|--------------------|---------------------------------|---------------------------|--------------------|
|                    |                                  |                                     |                                             | Amount                                   | Percentage of Levy |                                 | Amount                    | Percentage of Levy |
| 2016               | \$ 4,411,948                     | \$ 313,078                          | \$ 4,725,026                                | \$ 4,644,586                             | 98.3%              | n/a                             | \$ 4,644,586              | 98.3%              |
| 2015               | 4,360,781                        | 309,449                             | 4,670,230                                   | 4,554,455                                | 97.5%              | 92,728                          | 4,647,183                 | 99.5%              |
| 2014               | 4,375,112                        | 310,466                             | 4,685,578                                   | 4,564,907                                | 97.4%              | 114,757                         | 4,679,664                 | 99.9%              |
| 2013               | 4,397,855                        | 312,080                             | 4,709,935                                   | 4,585,653                                | 97.4%              | 122,782                         | 4,708,435                 | 100.0%             |
| 2012               | 4,389,236                        | -                                   | 4,389,236                                   | 4,272,661                                | 97.3%              | 116,169                         | 4,388,830                 | 100.0%             |
| 2011               | 4,402,312                        | -                                   | 4,402,312                                   | 4,231,007                                | 96.1%              | 124,124                         | 4,355,131                 | 98.9%              |
| 2010               | 4,176,174                        | -                                   | 4,176,174                                   | 4,021,135                                | 96.3%              | 46,688                          | 4,067,823                 | 97.4%              |
| 2009               | 3,602,665                        | -                                   | 3,602,665                                   | 3,431,482                                | 95.2%              | 100,839                         | 3,532,321                 | 98.0%              |
| 2008               | 3,234,086                        | -                                   | 3,234,086                                   | 3,159,600                                | 97.7%              | 74,486                          | 3,234,086                 | 100.0%             |
| 2007               | 3,154,529                        | -                                   | 3,154,529                                   | 3,016,511                                | 95.6%              | 93,794                          | 3,110,305                 | 98.6%              |

Source: DOF analysis of borough data.

**BOROUGH OF CARLISLE**  
**Debt Capacity Information**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Schedule 9

| <i>Fiscal<br/>Year</i> | <b>Governmental Activities</b>          |                                         | <b>Business-Type Activities</b>         |                                         | <b>Total Primary<br/>Government</b> | <b>Percentage<br/>of Personal<br/>Income</b> | <b>Per Capita</b> |
|------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------------|----------------------------------------------|-------------------|
|                        | <b>General<br/>Obligation<br/>Bonds</b> | <b>General<br/>Obligation<br/>Notes</b> | <b>General<br/>Obligation<br/>Bonds</b> | <b>General<br/>Obligation<br/>Notes</b> |                                     |                                              |                   |
| 2016                   | \$ -                                    | \$ 5,596,538                            | \$ -                                    | \$ 19,407,966                           | \$ 25,004,504                       | 4.81%                                        | 1,320             |
| 2015                   | 714,893                                 | 4,056,956                               | 7,359,460                               | 8,644,615                               | 20,775,924                          | 4.13%                                        | 1,098             |
| 2014                   | 787,277                                 | 5,028,220                               | 8,104,914                               | 8,063,510                               | 21,983,921                          | 4.52%                                        | 1,162             |
| 2013                   | 856,138                                 | 4,411,248                               | 8,813,890                               | 7,331,170                               | 21,412,446                          | 4.43%                                        | 1,139             |
| 2012                   | 876,987                                 | 4,579,810                               | 9,025,880                               | 7,360,192                               | 21,842,869                          | 4.59%                                        | 1,162             |
| 2011                   | 699,924                                 | 4,704,479                               | 9,537,496                               | 3,156,431                               | 18,098,330                          | 3.83%                                        | 969               |
| 2010                   | 685,301                                 | 4,930,367                               | 5,285,727                               | 8,248,466                               | 19,149,861                          | 4.05%                                        | 1,025             |
| 2009                   | 5,943,792                               | -                                       | 8,864,901                               | 2,111,164                               | 16,919,857                          | 4.29%                                        | 919               |
| 2008                   | 7,147,095                               | -                                       | 9,589,575                               | 1,020,001                               | 17,756,671                          | 4.51%                                        | 964               |
| 2007                   | 7,460,648                               | -                                       | 11,135,943                              | 975,000                                 | 19,571,591                          | 5.01%                                        | 1,071             |

Source: DOF analysis of data.

**BOROUGH OF CARLISLE**  
**Debt Capacity Information**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

| <i>Fiscal Year</i> | General Obligation Bonds | General Obligation Notes | Total         | Percentage of Actual Taxable Value <sup>(a)</sup> of Property | Per Capita |
|--------------------|--------------------------|--------------------------|---------------|---------------------------------------------------------------|------------|
| 2016               | \$ -                     | \$ 25,004,504            | \$ 25,004,504 | 1.73%                                                         | 1,320      |
| 2015               | 8,074,353                | 12,701,571               | 20,775,924    | 1.45%                                                         | 1,098      |
| 2014               | 8,892,191                | 13,091,730               | 21,983,921    | 1.54%                                                         | 1,162      |
| 2013               | 9,670,028                | 11,742,418               | 21,412,446    | 1.49%                                                         | 1,139      |
| 2012               | 9,902,867                | 11,940,002               | 21,842,869    | 1.52%                                                         | 1,162      |
| 2011               | 10,237,420               | 7,860,910                | 18,098,330    | 1.26%                                                         | 969        |
| 2010               | 5,971,028                | 13,178,833               | 19,149,861    | 1.64%                                                         | 1,025      |
| 2009               | 14,808,693               | 2,111,164                | 16,919,857    | 1.45%                                                         | 919        |
| 2008               | 16,736,670               | 1,020,001                | 17,756,671    | 1.54%                                                         | 964        |
| 2007               | 18,596,591               | 975,000                  | 19,571,591    | 1.73%                                                         | 1,071      |

<sup>(a)</sup> See Schedule 5 for the Borough's property value data.

Source: DOF analysis of data.

**BOROUGH OF CARLISLE**  
**Debt Capacity Information**  
**Direct and Overlapping Governmental Activities Debt**  
**December 31, 2016**

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**Schedule 11**

| <b>Jurisdiction</b>                                   | <b>Total Debt<br/>Outstanding</b> | <b>Percentage<br/>Applicable to the<br/>Borough<sup>(a)</sup></b> | <b>Amount Applicable<br/>to the Borough</b> |
|-------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------|---------------------------------------------|
| <b>Direct</b>                                         |                                   |                                                                   |                                             |
| Borough of Carlisle -<br>Governmental activities debt | \$ 5,596,538                      | 100.0%                                                            | \$ 5,596,538                                |
| <b>Overlapping</b>                                    |                                   |                                                                   |                                             |
| Carlisle Area School District                         | 64,920,000                        | 46.6%                                                             | 30,252,720                                  |
| Cumberland County                                     | 43,120,000                        | 6.1%                                                              | 2,630,320                                   |
| Total Overlapping Debt                                | 108,040,000                       |                                                                   | 32,883,040                                  |
| Total                                                 | \$ 113,636,538                    |                                                                   | \$ 38,479,578                               |

<sup>(a)</sup> Percentages calculated by dividing borough's assessed value by school district and county assessed values.

Source: DOF analysis of borough, county, and school district data.

**BOROUGH OF CARLISLE**  
**Debt Capacity Information**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

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**Schedule 12**

***Legal Debt Margin Calculation for Fiscal Year 2016***

Borrowing Base Revenues:

|      |                      |
|------|----------------------|
| 2014 | \$ 20,686,551        |
| 2015 | 21,347,769           |
| 2016 | <u>22,190,871</u>    |
|      | <u>\$ 64,225,191</u> |

|                                                        |                      |
|--------------------------------------------------------|----------------------|
| Average Borrowing Base Revenue                         | \$ 21,408,397        |
| Debt Limit Percentage                                  | <u>250.0%</u>        |
| Debt Limit                                             | \$ 53,520,993        |
| Less: Total Amount of Debt<br>Applicable to Debt Limit | <u>24,948,728</u>    |
| Legal Debt Margin                                      | <u>\$ 28,572,265</u> |

|                                                                                   | 2016                 | 2015                 | 2014                 | 2013                 | 2012                 | Fiscal Year<br>2011  | 2010                 | 2009                 | 2008                 | 2007                 |
|-----------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt Limit                                                                        | \$ 53,520,993        | \$ 51,934,423        | \$ 50,831,658        | \$ 49,723,355        | \$ 47,992,671        | \$ 45,814,353        | \$ 44,181,235        | \$ 44,055,023        | \$ 43,776,428        | \$ 43,187,688        |
| Total Amount of Debt Applicable<br>to Debt Limit                                  | <u>24,948,728</u>    | <u>20,530,809</u>    | <u>21,983,921</u>    | <u>21,412,446</u>    | <u>21,842,869</u>    | <u>18,219,041</u>    | <u>19,578,833</u>    | <u>17,386,164</u>    | <u>18,370,001</u>    | <u>20,360,000</u>    |
| Legal Debt Margin                                                                 | <u>\$ 28,572,265</u> | <u>\$ 31,403,614</u> | <u>\$ 28,847,737</u> | <u>\$ 28,310,909</u> | <u>\$ 26,149,802</u> | <u>\$ 27,595,312</u> | <u>\$ 24,602,402</u> | <u>\$ 26,668,859</u> | <u>\$ 25,406,427</u> | <u>\$ 22,827,688</u> |
| Total Amount of Debt Applicable<br>to Debt Limit as a percentage<br>of debt limit | 46.61%               | 39.53%               | 43.25%               | 43.06%               | 45.51%               | 39.77%               | 44.31%               | 39.46%               | 41.96%               | 47.14%               |

Source: DOF analysis of data.

**BOROUGH OF CARLISLE**  
**Demographic and Economic Information**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

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Schedule 13

| <i>Fiscal Year</i> | <i>Population<sup>(a)</sup></i> | <i>Personal<br/>Income</i> | <i>Per Capita<br/>Income</i> | <i>School<br/>Enrollment<sup>(b)</sup></i> | <i>Number of<br/>Dropouts<sup>(b)</sup></i> | <i>Dropouts as a<br/>Percentage of<br/>Enrollment</i> | <i>Unemployment<br/>Rate<sup>(c)</sup></i> |
|--------------------|---------------------------------|----------------------------|------------------------------|--------------------------------------------|---------------------------------------------|-------------------------------------------------------|--------------------------------------------|
| 2016               | 18,945                          | \$ 519,775,020             | \$ 27,416                    | 5,101                                      | 34                                          | 0.67%                                                 | 4.20%                                      |
| 2015               | 18,916                          | 503,657,416                | 26,626                       | 5,175                                      | 29                                          | 0.56%                                                 | 4.20%                                      |
| 2014               | 18,916                          | 485,952,040                | 25,690                       | 5,080                                      | 33                                          | 0.65%                                                 | 4.10%                                      |
| 2013               | 18,800                          | 482,972,000                | 25,690                       | 5,099                                      | 25                                          | 0.49%                                                 | 6.50%                                      |
| 2012               | 18,800                          | 476,091,200                | 25,324                       | 4,852                                      | 42                                          | 0.87%                                                 | 7.20%                                      |
| 2011               | 18,682                          | 472,430,416                | 25,288                       | 4,802                                      | 26                                          | 0.54%                                                 | 7.20%                                      |
| 2010               | 18,682                          | 472,430,416                | 25,288                       | 4,782                                      | 32                                          | 0.67%                                                 | 7.70%                                      |
| 2009               | 18,419                          | 394,056,086                | 21,394                       | 4,793                                      | 24                                          | 0.50%                                                 | 7.80%                                      |
| 2008               | 18,419                          | 394,056,086                | 21,394                       | 4,593                                      | 45                                          | 0.98%                                                 | 4.30%                                      |
| 2007               | 18,272                          | 390,911,168                | 21,394                       | 4,690                                      | 39                                          | 0.83%                                                 | 3.20%                                      |

<sup>(a)</sup> Census Bureau-American Community Survey.

<sup>(b)</sup> Carlisle Area School District.

<sup>(c)</sup> PA Department of Labor and Industry.

Source: DOF analysis of data.

**BOROUGH OF CARLISLE**  
**Demographic and Economic Information**  
**Principal Employers**  
**Current Year and Ten Years Ago**

Schedule 14

| Employer                              | 2016          |      |                                                 | 2007          |      |                                                 |
|---------------------------------------|---------------|------|-------------------------------------------------|---------------|------|-------------------------------------------------|
|                                       | Employees     | Rank | Percentage<br>of Total<br>Borough<br>Employment | Employees     | Rank | Percentage<br>of Total<br>Borough<br>Employment |
| HGSS                                  | 2,984         | 1    | 11.3%                                           |               |      |                                                 |
| Dickinson College                     | 2,067         | 2    | 7.8%                                            | 2,827         | 1    | 13.6%                                           |
| Giant Foods, LLC                      | 1,005         | 3    | 3.8%                                            | 2,568         | 2    | 12.4%                                           |
| Cumberland County                     | 702           | 4    | 2.7%                                            | 1,493         | 3    | 7.2%                                            |
| ALMA Health                           | 693           | 5    | 2.6%                                            | 0             | 0    | 0.0%                                            |
| Carlisle Construction Materials       | 682           | 6    | 2.6%                                            |               |      |                                                 |
| Carlisle Area School District         | 598           | 7    | 2.3%                                            | 1,067         | 5    | 5.1%                                            |
| CBS Personnel Services Inc.           | 561           | 8    | 2.1%                                            |               |      |                                                 |
| Walmart Associates Inc.               | 552           | 9    | 2.1%                                            |               |      |                                                 |
| Ross Dress For Less Inc.              | 514           | 10   | 1.9%                                            | 1,104         | 4    | 5.3%                                            |
| Carlisle Tire and Wheel               |               |      |                                                 | 693           | 6    | 3.3%                                            |
| Carlisle Syntec                       |               |      |                                                 | 633           | 7    | 3.1%                                            |
| IAC Carlisle LLC                      |               |      |                                                 | 579           | 8    | 2.8%                                            |
| Cumb-Perry Assn for Retarded Children |               |      |                                                 | 521           | 9    | 2.5%                                            |
| Levine Enterprises                    |               |      |                                                 | 434           | 10   | 2.1%                                            |
|                                       | <u>10,358</u> |      | <u>39.2%</u>                                    | <u>11,919</u> |      | <u>57.5%</u>                                    |
| Total Borough Employment              | <u>26,401</u> |      |                                                 | <u>20,740</u> |      |                                                 |

Source: DOF analysis of Cumberland County Tax Bureau data.

**BOROUGH OF CARLISLE**  
**Operating Information**  
**Full-Time Equivalent Borough Employees by Function/Program**  
**Last Ten Fiscal Years**

**Schedule 15**

|                                       | 2016          | 2015          | 2014          | 2013          | 2012          | 2011          | 2010          | 2009          | 2008          | 2007          |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b><i>Function/program</i></b>        |               |               |               |               |               |               |               |               |               |               |
| General Government                    |               |               |               |               |               |               |               |               |               |               |
| Borough Manager's Office              | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 1.00          |
| Department of Finance                 | 6.50          | 5.00          | 5.00          | 5.50          | 5.00          | 4.50          | 4.50          | 4.50          | 5.50          | 4.50          |
| Tax Collection                        | 0.00          | 0.00          | 0.00          | 0.75          | 0.00          | 0.50          | 0.50          | 0.50          | 1.00          | 0.50          |
| Human Resources/Risk Management       | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Buildings and Plants                  | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 1.00          | 1.00          | 1.00          | 1.00          | 0.50          |
| Public Safety                         |               |               |               |               |               |               |               |               |               |               |
| Police Department                     | 35.00         | 35.00         | 37.00         | 37.00         | 33.50         | 37.00         | 37.00         | 37.00         | 37.00         | 35.50         |
| Fire Department                       | 0.50          | 1.00          | 1.00          | 1.00          | 0.50          | 0.50          | 0.50          | 1.50          | 1.50          | 1.50          |
| Public Works                          |               |               |               |               |               |               |               |               |               |               |
| Administration & Engineering Division | 4.00          | 5.00          | 5.00          | 5.00          | 5.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          |
| Operations Division                   | 23.00         | 8.00          | 9.50          | 9.50          | 9.50          | 10.00         | 9.00          | 9.00          | 9.00          | 8.84          |
| Planning & Codes Division             | 5.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 3.00          | 4.00          | 4.00          | 5.00          |
| Parks and Recreation                  | 8.50          | 8.50          | 8.50          | 9.00          | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          | 8.50          |
| Water                                 | 9.00          | 15.00         | 16.50         | 16.50         | 18.00         | 16.00         | 18.50         | 17.00         | 17.00         | 18.08         |
| Sewer                                 | 15.00         | 25.00         | 25.00         | 23.50         | 23.50         | 26.00         | 26.00         | 24.00         | 24.50         | 26.58         |
| Parking                               | 3.50          | 3.50          | 3.00          | 3.00          | 1.00          | 1.50          | 2.50          | 2.00          | 2.00          | 2.00          |
| <b>Total Employment</b>               | <b>114.00</b> | <b>114.00</b> | <b>118.50</b> | <b>118.75</b> | <b>112.00</b> | <b>117.00</b> | <b>118.50</b> | <b>116.50</b> | <b>118.50</b> | <b>117.50</b> |

Source: DOF analysis of data.

**BOROUGH OF CARLISLE**  
**Operating Information**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

**Schedule 16**

|                                     | 2016   | 2015   | 2014   | 2013   | 2012   | 2011   | 2010   | 2009   | 2008   | 2007   |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <i>Function/program</i>             |        |        |        |        |        |        |        |        |        |        |
| General Government                  |        |        |        |        |        |        |        |        |        |        |
| Real estate tax certifications      | 702    | 713    | n/a    | 920    | 462    | 1,101  | 1,357  | 1,079  | 959    | 802    |
| Public Safety                       |        |        |        |        |        |        |        |        |        |        |
| Arrests                             | 1,351  | 1,665  | 1,014  | 1,542  | 1,545  | 1,785  | 1,434  | 1,483  | 1,634  | 4,274  |
| Parking violations                  | 5,636  | 13,053 | 15,627 | 7,108  | 7,451  | 4,772  | 7,921  | 7,799  | 8,046  | 7,087  |
| Traffic violations                  | 1,962  | 2,312  | 2,221  | 2,355  | 2,681  | 2,578  | 3,121  | 3,440  | 3,443  | 840    |
| Calls for service                   | 21,487 | 25,319 | 19,791 | 18,113 | 17,967 | 17,467 | 19,143 | 19,260 | 20,248 | 20,321 |
| Fire responses                      | 534    | 597    | 547    | 567    | 522    | 530    | 498    | 488    | 529    | 718    |
| Building-related permits issued     | 918    | 1,031  | 831    | 1,014  | 838    | 1,335  | 783    | 836    | 643    | 1,117  |
| Public Services                     |        |        |        |        |        |        |        |        |        |        |
| Miles of streets resurfaced         | 1.56   | 1.00   | 3.00   | 3.00   | 4.00   | 7.00   | 8.00   | 1.00   | 1.84   | 0.92   |
| Parks and Recreation                |        |        |        |        |        |        |        |        |        |        |
| Community pool attendance           | 20,017 | 19,770 | 17,085 | 19,099 | 22,634 | 22,965 | 24,996 | 24,141 | 25,213 | 19,046 |
| Number of seasonal programs         | 224    | 170    | 163    | 135    | 156    | 113    | 184    | 96     | 67     | 50     |
| Water                               |        |        |        |        |        |        |        |        |        |        |
| New connections                     | 9      | 4      | 6      | 4      | 6      | 12     | 29     | 30     | 2      | 7      |
| Water main breaks                   | 21     | 20     | 28     | 20     | 7      | 20     | 13     | 21     | 15     | 10     |
| Consumption (mgd)                   | 2.69   | 2.92   | 2.48   | 2.05   | 2.28   | 2.42   | 2.13   | 2.44   | 3.06   | 2.95   |
| Sewer                               |        |        |        |        |        |        |        |        |        |        |
| Sewage treatment (mgd)              | 2.96   | 3.22   | 3.37   | 2.91   | 3.48   | 4.45   | 3.37   | 3.50   | 3.94   | 3.29   |
| Parking                             |        |        |        |        |        |        |        |        |        |        |
| Average daily parking meter revenue | 877    | 660    | 579    | 527    | 551    | 526    | 559    | 555    | 580    | 581    |

Source: DOF compilation of data.

**BOROUGH OF CARLISLE**  
**Operating Information**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

| <b>Schedule 17</b>                          |             |             |             |             |             |             |             |             |             |             |
|---------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                             | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> | <b>2007</b> |
| <i>Function/program</i>                     |             |             |             |             |             |             |             |             |             |             |
| Public Safety                               |             |             |             |             |             |             |             |             |             |             |
| Police stations                             | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Police vehicles                             | 19          | 19          | 19          | 19          | 19          | 18          | 16          | 18          | 18          | 15          |
| Fire stations                               | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 3           | 3           |
| Fire vehicles                               | 7           | 7           | 7           | 7           | 6           | 6           | 6           | 6           | 5           | 6           |
| Public Services                             |             |             |             |             |             |             |             |             |             |             |
| Borough streets (in miles)                  | 56.7        | 56.7        | 56.7        | 56.3        | 56.3        | 56.3        | 56.3        | 56.3        | 56.1        | 55.9        |
| Number of traffic lighted intersections     | 43          | 43          | 43          | 43          | 43          | 43          | 43          | 43          | 43          | 43          |
| Parks and Recreation                        |             |             |             |             |             |             |             |             |             |             |
| Number of parks                             | 17          | 17          | 18          | 18          | 18          | 18          | 18          | 18          | 18          | 17          |
| Acreage of park land                        | 163         | 163         | 181         | 181         | 181         | 181         | 181         | 181         | 181         | 160         |
| Number of community centers                 | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Water                                       |             |             |             |             |             |             |             |             |             |             |
| Water mains (in miles)                      | 77.2        | 77.2        | 76.5        | 76.5        | 76.5        | 76.5        | 76.5        | 76.4        | 76.3        | 76.2        |
| Fire hydrants                               | 564         | 564         | 557         | 555         | 555         | 555         | 550         | 548         | 546         | 539         |
| Storage capacity (in million gallons)       | 5.8         | 5.8         | 5.8         | 5.8         | 5.8         | 5.8         | 5.8         | 5.8         | 5.8         | 5.8         |
| Sewer                                       |             |             |             |             |             |             |             |             |             |             |
| Sanitary sewers (in miles)                  | 69.5        | 69.5        | 68.9        | 68.9        | 68.9        | 68.9        | 68.9        | 68.9        | 68.6        | 68.3        |
| Storm sewers (in miles)                     | 28.5        | 28.5        | 28.0        | 28.0        | 28.0        | 28.0        | 28.0        | 28.0        | 27.9        | 27.6        |
| Treatment capacity (in gallons)             | 7.0         | 7.0         | 7.0         | 7.0         | 7.0         | 7.0         | 7.0         | 7.0         | 7.0         | 7.0         |
| Parking                                     |             |             |             |             |             |             |             |             |             |             |
| Number of parking lots                      | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           |
| Number of street parking metered spaces     | 664         | 664         | 664         | 654         | 655         | 655         | 660         | 657         | 657         | 648         |
| Number of off-street parking metered spaces | 132         | 132         | 132         | 132         | 122         | 122         | 122         | 106         | 106         | 106         |
| Number of parking garages                   | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |

Source: DOF compilation of data

**SINGLE AUDIT SECTION**

**BOROUGH OF CARLISLE**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2016**

| <b>Grantor Program Title</b>                                                             | <b>Federal<br/>CFDA<br/>Number</b> | <b>Applicant<br/>Identifier<br/>Contract</b> | <b>Cash<br/>Receipts</b> | <b>Accrual<br/>Expenditures</b> | <b>Total<br/>Passed-through<br/>to Subrecipients</b> |
|------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------|--------------------------|---------------------------------|------------------------------------------------------|
| <b>U.S. Department of Environmental Protection Agency</b>                                |                                    |                                              |                          |                                 |                                                      |
| <u>Direct Funding</u>                                                                    |                                    |                                              |                          |                                 |                                                      |
| Brownfields Assessment and Cleanup Cooperative Agreements                                | 66.818                             | 96339001                                     | \$ 84,685                | \$ 100,843                      | \$ -                                                 |
| Total U.S. Department of Environmental Protection Agency                                 |                                    |                                              | <u>84,685</u>            | <u>100,843</u>                  | <u>-</u>                                             |
| <b>U.S. Department of Justice</b>                                                        |                                    |                                              |                          |                                 |                                                      |
| <u>Direct Funding</u>                                                                    |                                    |                                              |                          |                                 |                                                      |
| Edward Byrne Memorial Justice Assistance Grant Program                                   | 16.738                             | 2015-DE-BX-K035                              | -                        | 1,250                           | -                                                    |
| Bulletproof Vest Partnership Program                                                     | 16.607                             | N/A                                          | 5,633                    | 5,633                           | -                                                    |
| Total U.S. Department of Justice                                                         |                                    |                                              | <u>5,633</u>             | <u>6,883</u>                    | <u>-</u>                                             |
| <b>Highway Planning and Construction Cluster</b>                                         |                                    |                                              |                          |                                 |                                                      |
| <b>U.S. Department of Transportation</b>                                                 |                                    |                                              |                          |                                 |                                                      |
| <u>Passed-through the PA Department of Transportation</u>                                |                                    |                                              |                          |                                 |                                                      |
| Highway Planning and Construction                                                        | 20.205                             | 08A397                                       | 56,770                   | 548,564                         | -                                                    |
| Total U.S. Department of Transportation and Highway<br>Planning and Construction Cluster |                                    |                                              | <u>56,770</u>            | <u>548,564</u>                  | <u>-</u>                                             |
| <b>U.S. Department of Federal Emergency Management Agency</b>                            |                                    |                                              |                          |                                 |                                                      |
| <u>Direct Funding</u>                                                                    |                                    |                                              |                          |                                 |                                                      |
| Disaster Grants - Public Assistance                                                      | 97.036                             | FEMA-4267-DR-PA-041-11272-00                 | 35,137                   | 35,137                          | -                                                    |
| Total U.S. Department of Federal Emergency Management Agency                             |                                    |                                              | <u>35,137</u>            | <u>35,137</u>                   | <u>-</u>                                             |
| <b>U.S. Department of Housing and Urban Development Program</b>                          |                                    |                                              |                          |                                 |                                                      |
| <b>Community Development Block Grant Cluster</b>                                         |                                    |                                              |                          |                                 |                                                      |
| <u>Direct Funding</u>                                                                    |                                    |                                              |                          |                                 |                                                      |
| Community Development Block Grant                                                        | 14.218                             | B-13-MC-42-0022                              | 5,548                    | 5,548                           | 5,548                                                |
| Community Development Block Grant                                                        | 14.218                             | B-14-MC-42-0022                              | 78,317                   | 65,437                          | 61,341                                               |
| Community Development Block Grant                                                        | 14.218                             | B-15-MC-42-0022                              | 49,341                   | 43,269                          | 29,218                                               |
| Community Development Block Grant                                                        | 14.218                             | B-16-MC-42-0022                              | 198,634                  | 170,150                         | 23,279                                               |
| Total Community Development Block Grant Cluster                                          |                                    |                                              | <u>331,840</u>           | <u>284,404</u>                  | <u>119,386</u>                                       |
| Total U.S. Department of Housing and Urban Development Program                           |                                    |                                              | <u>331,840</u>           | <u>284,404</u>                  | <u>119,386</u>                                       |
| <b>Total Federal Receipts/Expenditures</b>                                               |                                    |                                              | <b><u>\$ 514,065</u></b> | <b><u>\$ 975,831</u></b>        | <b><u>119,386</u></b>                                |

**BOROUGH OF CARLISLE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2016**

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**NOTE 1    GENERAL**

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The accompanying Schedule of Expenditure of Federal Awards presents the activity of the Federal awards program of Borough of Carlisle, Pennsylvania. The reporting entity is defined in Note 1 to the Borough's Financial statements.

**NOTE 2    SIGNIFICANT ACCOUNTING POLICIES**

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***Basis of Accounting***

The accompanying Schedule of Expenditure of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Borough's financial statements.

***Indirect Cost Rate***

The Borough elected not to use a 10% de minimus rate for charging indirect costs to programs.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and Borough Council  
Borough of Carlisle  
Carlisle, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of Carlisle, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Borough of Carlisle's basic financial statements, and have issued our report thereon dated July 24, 2017.

***INTERNAL CONTROL OVER FINANCIAL REPORTING***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

A handwritten signature in black ink that reads "Smith & Elliott Pearn & Company, LLC". The signature is written in a cursive, flowing style.

Carlisle, Pennsylvania  
July 24, 2017



## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Mayor and Borough Council  
Borough of Carlisle  
Carlisle, Pennsylvania

### ***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM***

We have audited Borough of Carlisle's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Borough of Carlisle's major federal programs for the year ended December 31, 2016. Borough of Carlisle's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Borough of Carlisle's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Borough of Carlisle's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Borough of Carlisle's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, Borough of Carlisle complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of Borough of Carlisle is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Borough of Carlisle's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Carlisle's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Smith & Elliott Pearn & Company, LLC". The signature is written in a cursive, flowing style.

Carlisle, Pennsylvania  
July 24, 2017

**BOROUGH OF CARLISLE**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2016**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified: ☐ Yes ☒ No
- Significant deficiencies identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for the major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516? ☐ Yes ☒ No

Identification of the major programs:

| CFDA Number(s) | Name of Federal Program           |
|----------------|-----------------------------------|
| 20.205         | Highway Planning and Construction |

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

**BOROUGH OF CARLISLE**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2016**

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**Section II - Financial Statement Findings**

**A. Material Weaknesses or Significant Deficiencies in Internal Control**

None noted

**B. Compliance Findings**

None noted

**Section III - Federal Award Findings and Questioned Costs**

**A. Material Weaknesses and Significant Deficiencies in Internal Control Over Compliance**

None noted

**B. Compliance Findings**

None noted

**BOROUGH OF CARLISLE**  
**Summary Schedule of Prior Audit Findings**  
**December 31, 2016**

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A single audit in accordance with the Uniform Guidance or OMB-Circular A-133 was not performed in the prior year.