

BOROUGH OF CARLISLE

PENNSYLVANIA

“Committed to Excellence In Community Service!”

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2019

Christopher P. Morill

Executive Director/CEO

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INTRODUCTORY SECTION



BOROUGH OF CARLISLE

"Committed To Excellence in Community Service"

July 27, 2021

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

The Comprehensive Annual Financial Report (Annual Report) for the Borough of Carlisle for the fiscal year ended December 31, 2020 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 Annual Report 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 Annual Report 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, stormwater management and conveyance, 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 19,116. 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 the few 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 reports directly to a seven-member body elected at large and comprised of the 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. An award-winning national leader in sustainability and best practices, the college achieved carbon neutral status in 2020, an accomplishment that only 10 colleges and universities in the nation have achieved.
- Penn State Dickinson Law - Founded in 1834 and located in the Borough, it is one of the oldest law schools in the nation and is touted for its experiential learning environment.
- The U.S. Army War College - is a U.S. Army educational institution located in the Borough and adjacent township. This 500-acre campus is situated on the historic Carlisle Barracks and 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, this venue is world renowned for its annual car shows 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-renowned ballet school and performing company and known for its artistic leadership and curriculum focused on artistic development.

- 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, Carlisle has remained stable and continues to evaluate and implement policies to ensure continued sound financial management.

Long-Term Financial Planning

The Borough is committed to providing value to residents and taxpayers by maintaining quality service levels and offering new programs and/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 of fund balance as a percentage of annual expenditures/expenses in its more significant funds as follows: general fund (25%), water fund (25%), stormwater 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 a balanced operating budget where current operating revenues equal current 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.

Reflecting Back on 2020

During 2020, the Borough made a number of noteworthy initiatives that have either been undertaken and/or successfully completed. Below is just a snapshot of COVID-19 (Pandemic) strategies and Borough-wide accomplishments during the unprecedented year.

Pandemic Operations, Community Support, and Recovery

Pandemic Operations

- Engaged in Emergency Services Preparedness coordination with Cumberland County in response to the Pandemic
- Instituted precautionary measures for employees including shift modifications, teleworking, and offering Personal Protective Equipment
- Hygiene and social distancing enhancements were made at Borough facilities
- Permitted and accommodated Curbside pickup for the benefit of downtown patrons
- Compost facility remained opened and hours of operations were expanded
- Modified Parks & Recreation programming in response to the public health crisis
- Maintained consistent compliance with Center for Disease Control and the Pennsylvania Governor's Orders
- Maintained a viable inventory of drinking water sampling locations during the Pandemic when access to a number of locations throughout the service area was limited

COVID-19 Community Support

- Carlisle Area Emergency Response Fund Committee was established and raised over \$120,000 for emerging health-related needs within Carlisle community
- Transitioned the Borough's Stuart Community Center into temporary homeless shelter operation for use by Carlisle CARES
- Moratorium was placed on utility bill terminations and late penalty assessments which will continue into 2021
- Flexible utility bill agreements were offered to customers with past due balances
- Suspended residential parking enforcement to offer relief to residents that were complying with the Pennsylvania Governor's Stay-at-Home Orders
- Provided temporary free on-street and off-street parking
- Pushed back the real estate tax penalty deadline from July 1, 2020 to November 1, 2020 for the benefit of property owners who may have been impacted by the rising unemployment
- In-house assembly, coordination and delivery of 1,075 replacement recycling bins and 5,000 toters.
- Provided contactless purchasing and home delivery of approximately 1,000 Borough trash bags to residents
- Hosted two mobile flu clinics that was spearheaded by a Borough resident

COVID-19 Recovery

- COVID-19 Forum was convened to set priorities and cooperative approach for managing available resources (CDBG, CARES Act)
- Small Business Group Committee was established focusing on small business support during COVID-19 and post-recovery strategies
- Community Action Network forum was held and connected people to needed resources
- Distributed \$149,750 in small business grants through the CARES Act
- Suspended sidewalk ordinance to allow C-1 businesses ability to expand footprint for patrons
- Temporarily lifted open container ordinance in C-1 Business District
- Permitted commercial use in public park space
- Allowed use of public parking areas for expanded business activities

Community & Economic Initiatives

- Continued the implementation of the Carlisle Urban Redevelopment Plan (CURP), including approval of Northside Village land development plans and beginning of TIGER Project infrastructure improvements
- Pursued and awarded grants totaling \$1,258,693 (\$1M Carlisle Connectivity Project 1; \$ 258,693 Renew Cumberland)
- Advanced the Borough's HOME program that addresses blight and provides homeownership opportunities to first-time homebuyers
- Drafted a Rental Housing Inspection Ordinance with possible implementation to occur in 2021
- Police Department elevated its bicycle patrol program to further engage with the community
- Committed to open community dialogue incorporating awareness and education regarding racism in the Borough of Carlisle

Government Transparency

- Transitioned public meetings to a virtual platform and began livestreaming meetings to Facebook
- Increased social media presence on Facebook and began utilizing LinkedIn as additional social media outlet
- Increased Police Department transparency with meeting presentations, Q & A documents, and the posting of police department policies on the Borough's website

Infrastructure

- TIGER Project construction and infrastructure improvements started
- Completed three separate Sanitary Sewer System Rehabilitation projects in the northeastern portion of the Borough prone to flooding. Area did not experience flooding issues in 2020
- Milled and paved 1.07 miles of streets and microsurfaced 1.29 miles of streets
- Completed all 40 curb ramp upgrades required for the 2020 road paving program, with almost half of the work completed in-house by Borough staff
- Painted 4,000 linear feet of school crosswalks, as well as painted all private and public handicapped parking spaces
- Replaced decorative crosswalks at the square with a longer-lasting material
- Updated traffic control system at Orange & High Streets from span wire to mast arms and upgraded traffic control equipment to include infrared detection

Personnel

- Analyzed medical plan design and compensation plan update
- Implemented Human Resources and Employee Self Service modules of software
- Elevated employee training and advancement opportunities

Stewardship: Financial, Physical, and Environmental

- Received GFOA Award for Excellence in Financial Reporting for 2019 (11th year)
- Received GFOA Distinguished Budget Presentation Award for the 2020 Budget (7th year)
- Received unmodified audit opinion for 2019 audit report

- Police Department received reaccreditation through the Pennsylvania Law Enforcement Accreditation Program
- Created Climate Action Commission, which will create a Climate Action Plan for the Borough
- Completed stormwater diversion project in Nottingham/Valley Meadows area
- Replaced 50% of sewer laboratory lighting with more energy efficient LED ceiling fixtures utilizing a PPL rebate program to keep costs at a minimum
- Received DEP approval for the Borough's MS4 renewal permit and the Chesapeake Bay Pollutant Reduction Plan Update

Awards and Acknowledgments

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Carlisle for its 2019 Annual Report. GFOA reports that only 47 of the more than 2,500 municipalities in Pennsylvania received this award in 2019. In order to be awarded the certificate a government must publish an Annual Report 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 2020 Annual Report 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 2020. The Borough is one of few municipalities in Pennsylvania to receive both prestigious GFOA awards.

Timely preparation of this Annual Report 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 advance service delivery most efficiently and effectively on behalf of the residents and taxpayers of Carlisle.

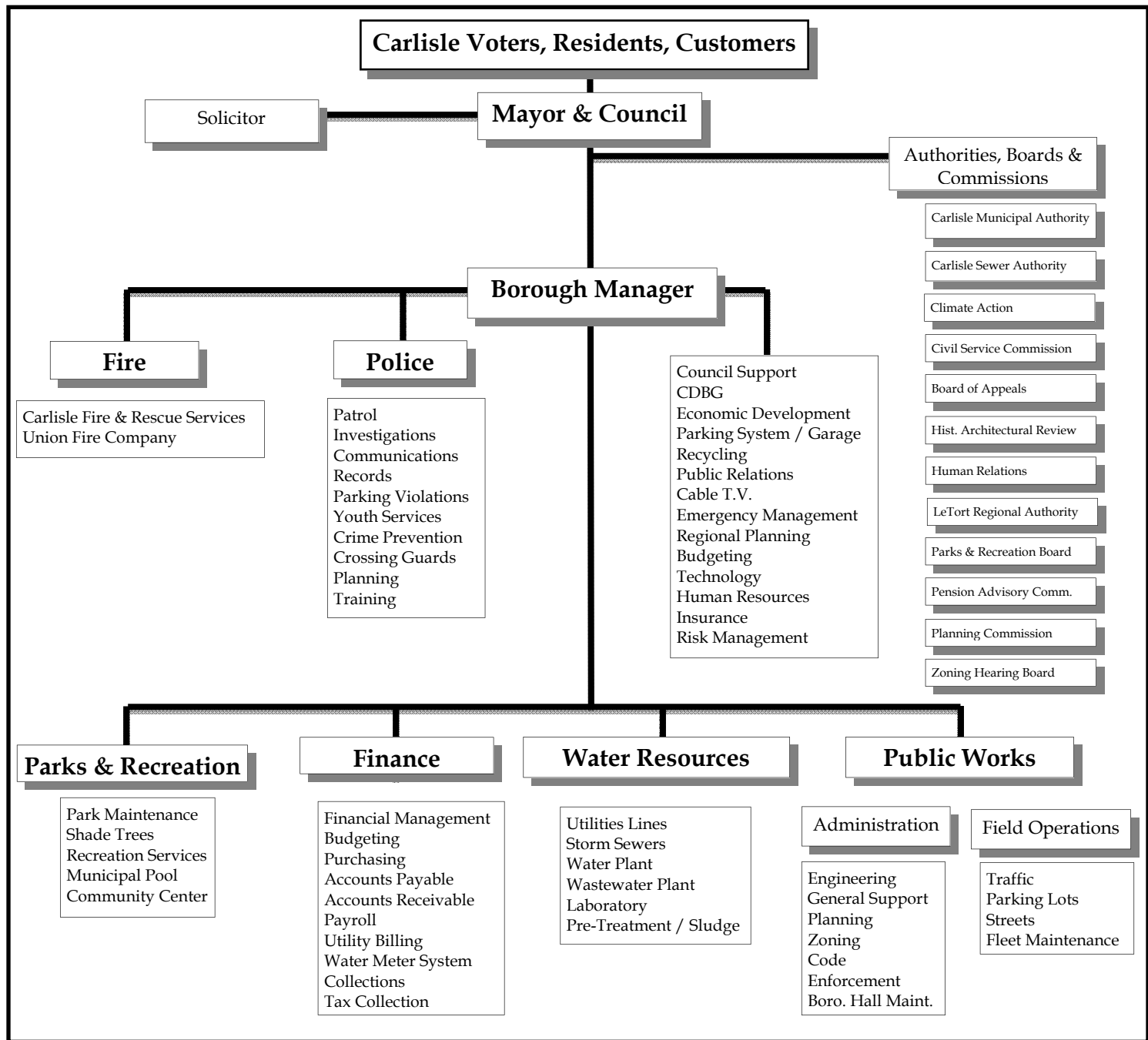
Sincerely,

A handwritten signature in dark ink, appearing to read "Richard JT Juday", is enclosed within a hand-drawn oval.

Richard JT Juday
Director of Finance



ORGANIZATION CHART



BOROUGH OF CARLISLE
List of Principal Officials
December 31, 2020

MAYOR & COUNCIL

Mayor.....	Timothy A. Scott
Councilor & Deputy Mayor.....	Sean M. Shultz
Councilor.....	Sean J. Crampsie
Councilor.....	Deborah W. Fulham-Winston
Councilor.....	Brenda S. Landis
Councilor.....	Joel T. Hicks
Councilor.....	Jeff P. Stuby

ADMINISTRATIVE OFFICIALS

Borough Manager	Susan D. Armstrong
Assistant Borough Manager	Owen A. Snyder
Borough Secretary	Joyce E. Stone
Director of Finance.....	Richard JT Juday
Director of Public Works.....	(Vacant)
Director of Parks & Recreation.....	Andrea C. Crouse
Director of Water Resources	Mark A. Malarich
Police Chief	Taro D. Landis
Fire Chief	Jeffrey S. Snyder
Solicitor.....	Keith O. Brenneman

FINANCIAL SECTION

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough of Carlisle, as of and for the year ended December 31, 2020, 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 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough of Carlisle, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the schedules related to the pension and OPEB liabilities on pages 69 through 72, and budgetary comparison schedule on pages 73 - 74 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 the Borough of Carlisle's basic financial statements. The introductory section, other supplementary information in the financial section, 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information in the financial section and the schedule of expenditures of federal awards 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 other supplementary information and the schedule of expenditures of federal awards in the financial section 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 27, 2021, on our consideration of the Borough of Carlisle, Pennsylvania'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 solely 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 the effectiveness of the Borough of Carlisle, Pennsylvania's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Carlisle, Pennsylvania's internal control over financial reporting and compliance.

Smith & Elliott Pearsall Company, LLC

Carlisle, Pennsylvania
July 27, 2021

BOROUGH OF CARLISLE

Management's Discussion and Analysis (Unaudited)

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, 2020. 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 - VI 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 2020

- * Government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 70,776,234 compared to \$ 66,468,874 for the prior year. Total net position increased by \$ 4,307,360 (6.5%) which can be primarily attributed to several projects that were planned but not undertaken during the year resulting in expenditures being lower than anticipated.
- * Total government-wide cash, cash equivalents, and investments decreased by \$ 152,063 (0.4%) compared to the prior year.
- * The net position of the non-uniformed employees pension plan as a percentage of total pension liability was 111.37%; the net position of the police officers pension plan as a percentage of total pension liability was 113.18%.
- * Governmental fund balances increased from the prior year and remained strong at \$ 12,331,357 (97.1% of expenditures) compared to \$ 12,111,992 (100.1% of expenditures) for the prior year.
- * The unassigned fund balance for the general fund increased to \$ 7,783,269 (80.3% of fund expenditures) compared to \$ 7,405,190 (76.6% of fund expenditures) from the prior year. This change is attributed to planned general fund expenditures that did not occur.
- * Assigned and committed governmental fund balances set aside by Borough Council for future capital, employee benefits, and other post-employment retirement benefits expenses were \$ 1,632,670 (13.2% of total governmental fund balances) compared to \$ 1,583,111 (16.9% of total governmental fund balances) in the prior year.
- * Debt service on general obligation debt attributed to non-enterprise capital funding was \$ 908,235 (7.2% of total general fund and capital projects fund spending) compared to \$ 722,393 (6.4% of total general fund and capital projects fund spending) in the prior year.
- * The net position of the water, stormwater, sewer, parking, and other enterprise funds increased by \$ 2,494,247 (5.5%) 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)

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 government-wide financial statements not only include the Borough itself (known as the primary government), but also its discretely presented component unit, Carlisle Borough Municipal Authority, which is legally separate from the Borough. Financial information for this component unit is reported separately from the financial statements presented for the primary government itself. Refer to Note 1 for information on how to obtain the separately issued financial statements for the component unit.

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, stormwater, and solid waste and recycling operations.

The government-wide financial statements can be found on pages 17 and 18 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)

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 and the capital projects fund. Data from the other three (3) 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 19 - 22 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, stormwater, sewer, and parking funds. The solid waste is considered a 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, stormwater, 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 23 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. Custodial funds report fiduciary activities not required to be reported in other fiduciary fund types. 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 a custodial fund for tax collection. Fiduciary fund statements can be found on pages 27 and 28 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 29 - 68 of this report.

Supplementary Information. Additional required supplementary schedules follow the notes to the financial statements on pages 69 - 74 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 75 - 88 of this report.

BOROUGH OF CARLISLE

Management's Discussion and Analysis (Unaudited)

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 \$ 70,776,234 at the close of the fiscal year.

The largest portion (52.8%) 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 are 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, 2020 and 2019.

BOROUGH OF CARLISLE						
	December 31, 2020			December 31, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 17,408,367	\$ 29,391,050	\$ 46,799,417	\$ 14,452,189	\$ 28,414,970	\$ 42,867,159
Capital assets, net	<u>22,509,745</u>	<u>43,593,375</u>	<u>66,103,120</u>	<u>22,106,365</u>	<u>43,760,251</u>	<u>65,866,616</u>
Total assets	<u>\$ 39,918,112</u>	<u>\$ 72,984,425</u>	<u>\$ 112,902,537</u>	<u>\$ 36,558,554</u>	<u>\$ 72,175,221</u>	<u>\$ 108,733,775</u>
Deferred outflows of resources	\$ 343,080	\$ 67,973	\$ 411,053	\$ 420,831	\$ 82,777	\$ 503,608
Total deferred outflows of resources	<u>\$ 343,080</u>	<u>\$ 67,973</u>	<u>\$ 411,053</u>	<u>\$ 420,831</u>	<u>\$ 82,777</u>	<u>\$ 503,608</u>
Long-term liabilities	\$ 9,524,827	\$ 23,744,663	\$ 33,269,490	\$ 9,757,028	\$ 25,572,723	\$ 35,329,751
Other liabilities	<u>2,129,418</u>	<u>3,244,568</u>	<u>5,373,986</u>	<u>1,707,247</u>	<u>3,498,293</u>	<u>5,205,540</u>
Total liabilities	<u>\$ 11,654,245</u>	<u>\$ 26,989,231</u>	<u>\$ 38,643,476</u>	<u>\$ 11,464,275</u>	<u>\$ 29,071,016</u>	<u>\$ 40,535,291</u>
Deferred inflows of resources	\$ 3,088,661	\$ 805,219	\$ 3,893,880	\$ 1,809,937	\$ 423,281	\$ 2,233,218
Total deferred inflows of resources	<u>\$ 3,088,661</u>	<u>\$ 805,219</u>	<u>\$ 3,893,880</u>	<u>\$ 1,809,937</u>	<u>\$ 423,281</u>	<u>\$ 2,233,218</u>
Net position						
Net investment in capital assets	\$ 14,799,272	\$ 22,589,169	\$ 37,388,441	\$ 14,451,032	\$ 23,163,967	\$ 37,614,999
Restricted	2,600,104	-	2,600,104	2,807,160	-	2,807,160
Unrestricted	<u>8,118,910</u>	<u>22,668,779</u>	<u>30,787,689</u>	<u>6,446,981</u>	<u>19,599,734</u>	<u>26,046,715</u>
Total net position	<u>\$ 25,518,286</u>	<u>\$ 45,257,948</u>	<u>\$ 70,776,234</u>	<u>\$ 23,705,173</u>	<u>\$ 42,763,701</u>	<u>\$ 66,468,874</u>

The restricted portion of the Borough's total net position (3.7%) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position, used to meet the government's ongoing obligations to its residents, taxpayers, and creditors, makes up the remaining balance (43.5%).

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 \$ 4,307,360 (6.5%) year-over-year which is due to several factors including an increase in Net Pension Assets in the Governmental Activities and due to the receipt of revenues in our Business-type Activities that were designated for Capital Projects that have not yet occurred due to project timing and delays due to COVID-19 resulting in surplus revenues.

Capital assets. The Borough's investment in capital assets for its governmental and business-type activities as of December 31, 2020 net of accumulated depreciation was \$ 66,103,120. This investment includes capital assets such as buildings, machinery and equipment, roads, water and sewer lines, highways, and bridges and reflects an increase of \$ 236,504 from the prior year, due in large part to infrastructure work completed in the Capital Projects Fund.

BOROUGH OF CARLISLE
Management's Discussion and Analysis (Unaudited)

The table below summarizes the capital assets of the Borough at December 31, 2020.

BOROUGH OF CARLISLE - CAPITAL ASSETS
(net of depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,292,633	\$ 504,102	\$ 1,796,735
Land improvements	8,840,188	4,353,122	13,193,310
Buildings	10,066,919	43,534,929	53,601,848
Machinery and Equipment	10,669,083	36,326,545	46,995,628
Infrastructure	44,940,346	26,306,310	71,246,656
Construction in progress	5,510,522	1,335,161	6,845,683
Total	81,319,691	112,360,169	193,679,860
Less accumulated depreciation	(58,809,946)	(68,766,794)	(127,576,740)
Total capital assets	<u>\$ 22,509,745</u>	<u>\$ 43,593,375</u>	<u>\$ 66,103,120</u>

Additional information on the Borough's capital assets can be found in Note 5 of this report on page 50.

Long-term debt. At the end of the fiscal year, the Borough had total debt outstanding of \$ 36,177,959. This debt is backed by the full faith and credit of the Borough. Nearly three-quarters (70.9%) of the Borough's outstanding debt is considered self-supporting and will be repaid from water, sewer, stormwater, and parking enterprise fund revenue.

BOROUGH OF CARLISLE - LONG-TERM LIABILITIES

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds and Notes	\$ 8,043,312	\$ 25,363,433	\$ 33,406,745
Net OPEB Liability	1,559,514	-	1,559,514
Compensated Absences	865,757	345,943	1,211,700
Total Debt	<u>\$ 10,468,583</u>	<u>\$ 25,709,376</u>	<u>\$ 36,177,959</u>

The Borough instituted several infrastructure replacement programs for the water, sewer, and stormwater management systems. These replacement programs are capital intensive and have resulted in the overall increase in outstanding debt balances over recent years. In 2020, the only debt issued was a drawdown on the 2018 GO Note and saw, due to principal payments made, an overall decrease in the amount of outstanding general obligation bonds and notes of \$ 2,315,584 (6.5%) compared to the prior year.

Additional information on the Borough's long-term debt can be found in Note 6 beginning on page 51 of this report.

Governmental Activities. The Borough's net position for governmental activities saw an increase from the prior year of \$ 1,813,113 (7.7%) from \$ 23,705,173 to \$ 25,518,286. The primary reasons for the increase shown here relates to the following:

BOROUGH OF CARLISLE

Management's Discussion and Analysis (Unaudited)

- increase in Net Pension Asset of \$ 881,785 due to strengthening markets
- increase in net capital outlays of \$ 403,380
- increase in taxes receivable due to improved earned income tax collection after year-end of \$ 139,203
- a reduction in non-current liabilities (Bond and notes payable, compensated absences) resulted in an increase of \$ 358,627 which was a result of debt service repayment and the retirement of several employees and the reduction of compensated absences related to them

Business-type activities. The Borough's net position for business-type activities increased from the prior year by \$ 2,494,247 (5.8%) from \$ 42,763,701 to \$ 45,257,948. The primary factors that resulted in this increase is the timing of capital projects that were planned but not completed during the year. As a result, the revenues collected increased net position and will be used as the projects are completed in future years. Additionally, the Stormwater and Sewer funds both had built in increases to net position totaling \$ 737,773.

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

BOROUGH OF CARLISLE - CHANGES IN NET POSITION						
	December 31, 2020			December 31, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 745,610	\$ 13,994,710	\$ 14,740,320	\$ 1,159,513	\$ 13,479,145	\$ 14,638,658
Operating grants	1,985,355	55,074	2,040,429	1,240,250	209,028	1,449,278
Capital grants and contributions	1,348,420	323,801	1,672,221	1,455,601	2,419,064	3,874,665
General revenues:						
Property taxes	5,143,699	-	5,143,699	5,122,842	-	5,122,842
Other taxes	3,469,982	-	3,469,982	3,357,207	-	3,357,207
Other	175,421	193,529	368,950	492,194	513,370	1,005,564
Total revenues	<u>12,868,487</u>	<u>14,567,114</u>	<u>27,435,601</u>	<u>12,827,607</u>	<u>16,620,607</u>	<u>29,448,214</u>
Expenses						
General Government	1,996,953	-	1,996,953	1,865,486	-	1,865,486
Public Safety	5,660,761	-	5,660,761	5,928,270	-	5,928,270
Public Services	1,709,843	-	1,709,843	2,031,313	-	2,031,313
Culture and Recreation	893,308	-	893,308	1,131,263	-	1,131,263
Community Development	471,282	-	471,282	306,343	-	306,343
Interest & amortization expense	250,103	-	250,103	243,695	-	243,695
Water	-	3,447,981	3,447,981	-	3,850,851	3,850,851
Sewer	-	5,448,124	5,448,124	-	5,741,796	5,741,796
Parking	-	538,817	538,817	-	524,341	524,341
Solid Waste	-	1,656,256	1,656,256	-	826,622	826,622
Stormwater	-	1,054,813	1,054,813	-	581,219	581,219
Total expenses	<u>10,982,250</u>	<u>12,145,991</u>	<u>23,128,241</u>	<u>11,506,370</u>	<u>11,524,829</u>	<u>23,031,199</u>
Excess of revenues over expense before transfers	1,886,237	2,421,123	4,307,360	1,321,237	5,095,778	6,417,015
Transfers in (transfers out)	<u>(73,124)</u>	<u>73,124</u>	<u>-</u>	<u>(43,505)</u>	<u>43,505</u>	<u>-</u>
Changes in net position	1,813,113	2,494,247	4,307,360	1,277,732	5,139,283	6,417,015
Net position - Beginning, as restated	<u>23,705,173</u>	<u>42,763,701</u>	<u>66,468,874</u>	<u>22,427,441</u>	<u>37,624,418</u>	<u>60,051,859</u>
Net position - End of Year	<u>\$ 25,518,286</u>	<u>\$ 45,257,948</u>	<u>\$ 70,776,234</u>	<u>\$ 23,705,173</u>	<u>\$ 42,763,701</u>	<u>\$ 66,468,874</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.

BOROUGH OF CARLISLE

Management's Discussion and Analysis (Unaudited)

Fund balances. At the end of the fiscal year, the Borough's governmental funds reported combined ending fund balances of \$ 12,331,357, an increase of \$ 219,365 (1.8%) compared with the prior year. The total fund balance is allocated as follows: \$ 422,998 (3.4%) constitutes non-spendable fund balance; \$ 2,492,420 (20.2%) restricted fund balance (approximately \$ 1.3 million is state highway aid money which may only be used for street maintenance); \$ 1,632,670 (13.2%) are committed and assigned fund balance set aside by Borough Council primarily for future Other Post-Employment Benefits (OPEB) and \$ 7,783,269 (63.1%) in unassigned fund balance available for spending at the government's discretion.

Total governmental fund balances of \$ 12,331,357 constitute a strong fund balance, 97.1% of governmental funds expenditures.

General fund. The general fund is the largest governmental fund and is the Borough's chief operating fund. Actual general fund spending in 2020 remained relatively consistent at \$ 9,696,222 compared to \$ 9,639,564 in the prior year, an increase of \$ 56,658 (0.6%). Budget managers were able to hold the line on spending in 2020 by reducing the amount of operating supplies they used, reductions in overtime, and delays in hiring of positions as they became available. These efforts were in place to combat the downturned economy, a result of the COVID-19 pandemic. In previous years the Borough had seen larger spending variations between years, however with the establishment of the capital projects fund the spending in the General fund now only relates to operating costs, which will see smaller fluctuations compared to when the fund included capital spending.

Budgeted revenue was approximately \$10.9 million while actual revenue was approximately \$ 10.7 million, a difference of approximately \$ 200 thousand, excluding fund balance. The primary difference between Budget and Actual revenues is due to the COVID-19 Pandemic. Licenses and Permits revenue and Charges for Services were under budget by \$ 451,644 due to the cancellation of Parks and Recreation Programing to ensure compliance with the Pennsylvania Governors Stay-At-Home orders and social distancing requirements. Additionally, the Orders issued by the Pennsylvania Governor prohibited construction of any kind and as a result we saw a significant reduction in building related permits. These under budget areas were offset by growth in the Taxes line item (due to a large real estate transfer tax received pre-pandemic early in the year). Additionally, the under-budget revenues were offset by receipt of CARES act grant funding intended to reimburse the Borough for COVID-19 related expenses.

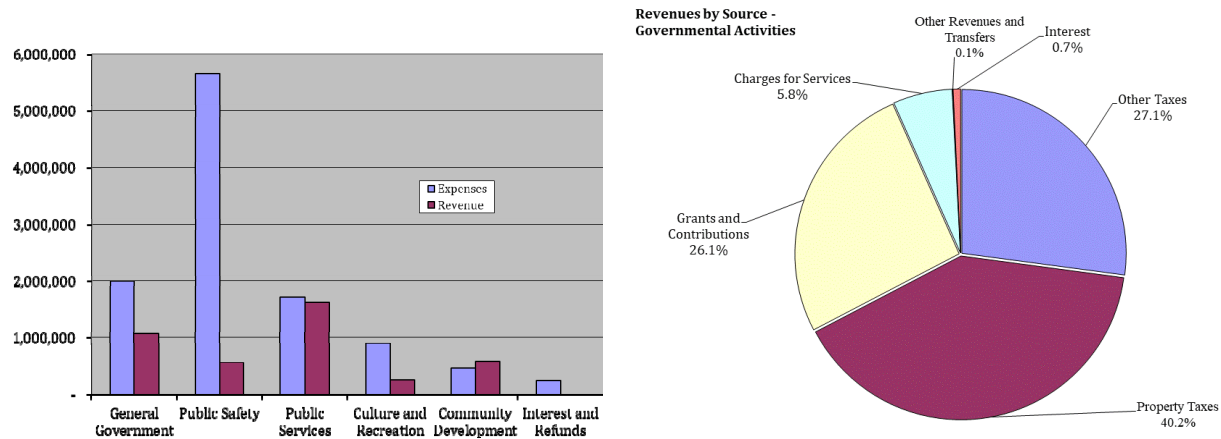
Similarly, budgeted expenditures were approximately \$ 12.7 million while actual expenditures were approximately \$ 9.7 million, a difference of nearly \$ 3.0 million. Approximately \$ 1.8 million relates to reimbursements from other funds for shared administrative expenditures that were solely budgeted out of the general fund. Additional savings were generated through actions taken to remain compliant with the Pennsylvania Governors Stay-At-Home orders and social distancing requirements (which included the cancellation of Recreation Programming). In an effort to cut down on costs the Borough also delayed hiring open positions until July 2021 that were originally budgeted to be filled in 2020. Finally, the remaining savings achieved can be attributed to an organization wide response to reduce the amount of operating supplies and overtime costs intended to offset anticipated pandemic related revenue losses.

Principal and interest on the Borough's general obligation debt attributed to non-enterprise capital funding was \$ 908,235 with \$ 668,704 (6.9% of total general fund spending) being attributed to the general fund and \$ 239,531 (12.3% of total capital projects fund spending) being attributed to the Capital Projects Fund.

BOROUGH OF CARLISLE

Management's Discussion and Analysis (Unaudited)

Unlike enterprise fund activities general fund activities are supported by general tax revenues. In 2020 those tax revenues amounted to \$ 8,459,799 (79.2% 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 2020.



Local taxes. Revenue from property taxes was \$ 5,135,094 which was under budget by \$ 37,087 (0.7%). That amount was slightly more than the prior year property tax collections of \$ 5,095,199. Real estate transfer tax revenue at \$ 457,392 was over the budget amount by \$ 79,803 due to early in the year property transfers. Earned income tax revenue was \$ 106,826 over budget (5.3%) and \$ 60,752 (2.8%) less than the amount collected in the prior year. Even though the local economy saw record unemployment due to COVID-19 the collection of local taxes was relatively uninterrupted.

The following table compares tax revenues in 2020 with those in 2019 and with the budgeted amounts for 2020.

Tax	Actual 2019	Budget 2020	Actual 2020	Actual Variance 2020-2019	Budget Variance 2020
Property	\$ 5,095,199	\$ 5,172,181	\$ 5,135,094	\$ 39,895	\$ (37,087)
Real Estate Transfer	377,589	360,000	457,392	79,803	97,392
Earned Income	2,167,578	2,000,000	2,106,826	(60,752)	106,826
LST	793,393	725,000	703,225	(90,168)	(21,775)
Admissions / Amusements	63,295	73,700	57,262	(6,033)	(16,438)
Total	\$ 8,497,054	\$ 8,330,881	\$ 8,459,799	\$ (37,255)	\$ 128,918

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, stormwater, sewer, parking, and solid waste functions at the end of the year was \$ 45,257,948. For the year, the net position of proprietary funds increased by \$ 2,494,247 (5.8%). All major proprietary funds, with exception to the Parking Fund, showed an increase in net position for 2020 that can be attributed to planned capital projects that did not occur during the year. The water fund showed an increase in net position of \$ 936,454 (7.6%) for 2020; the sewer fund showed an increase in net position of \$ 1,069,961 (4.0%); the stormwater fund showed an increase in net position of \$ 787,366 (111%), the parking fund showed a decrease in net position of \$ 123,508 (4.8%), and the solid waste fund showed a decrease in net position of \$ 176,026 (32.2%).

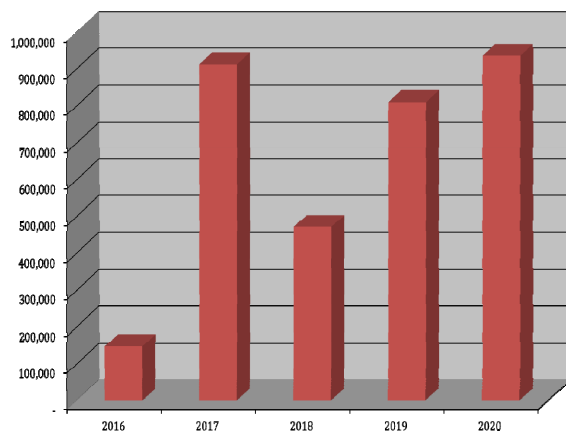
BOROUGH OF CARLISLE

Management's Discussion and Analysis (Unaudited)

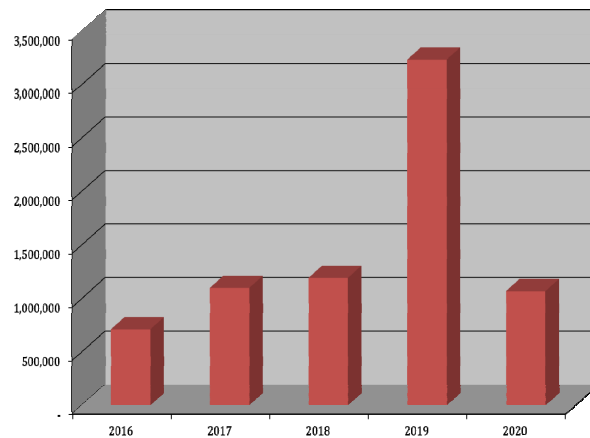
The decrease in the parking fund is due to a moratorium placed on issuing parking tickets and accepting meter and parking lot revenues. This was an intentional action to ease the burden on residents, customers, and businesses in Carlisle who may have been impacted by the COVID-19 pandemic. This is further discussed in section “Impact of COVID-19 on the Borough” of this Management Discussion and Analysis.

The decrease in the Solid Waste fund is due to rising costs in the treatment and management of solid waste and recycling. In an effort to offer temporary relief to customers, the Borough utilized available fund balance reserves to smooth the price change over several years. The flexibility offered with the available fund balance reserves resulted in costs exceeding incoming revenues, and for 2020 resulted in a net decrease in net position.

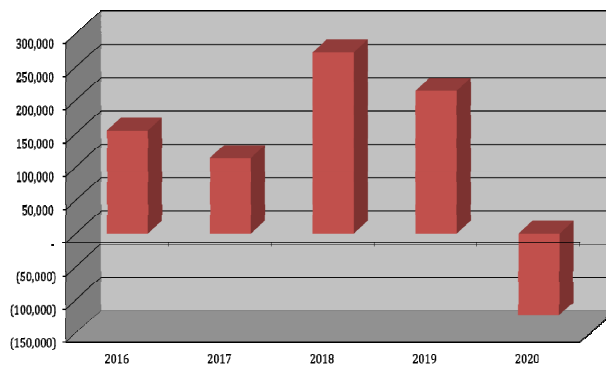
Change in Net Position - Water Fund



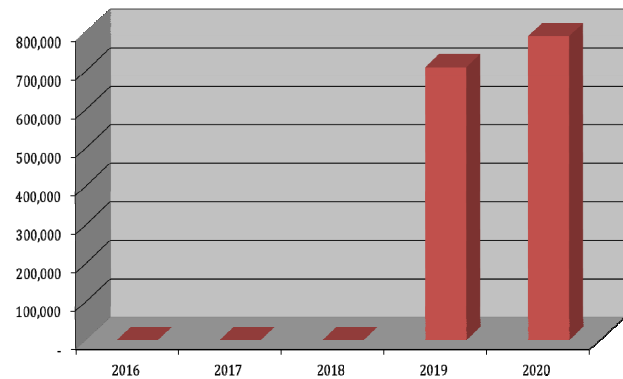
Change in Net Position - Sewer Fund



Change in Net Position - Parking Fund

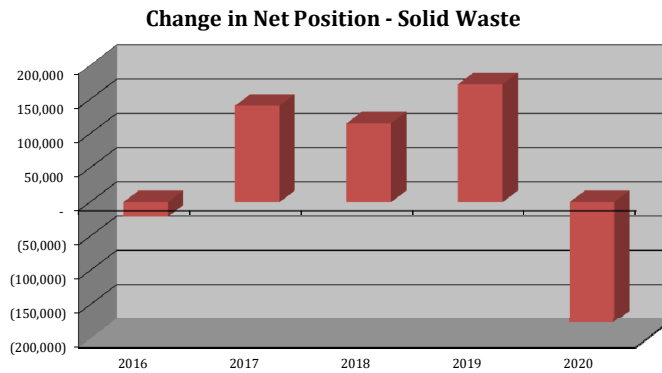


Change in Net Position - Stormwater

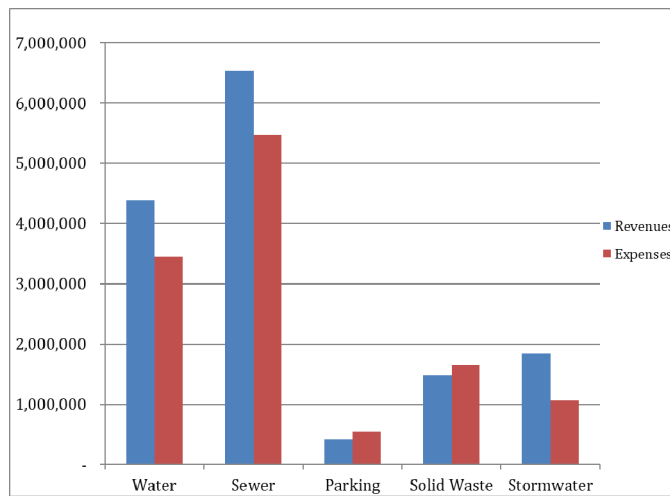


BOROUGH OF CARLISLE

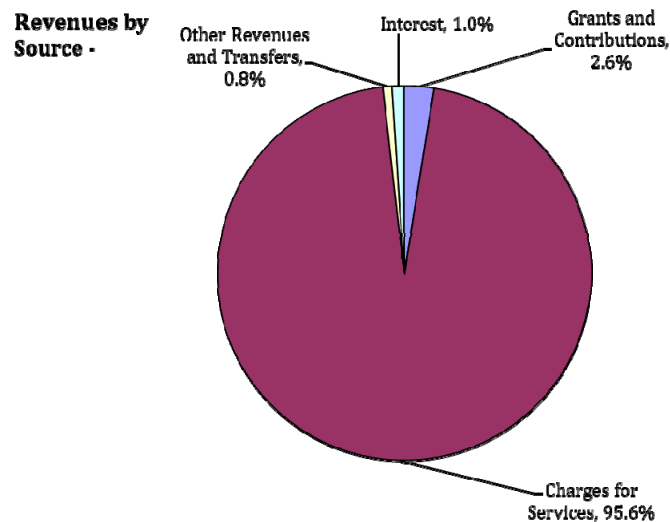
Management's Discussion and Analysis (Unaudited)



Total operating revenues for the proprietary funds was \$13,781,718 and exceeded total operating expenses of \$11,456,633 by \$2,325,085. The following graph shows the relative levels of total revenues and expenses in the five significant enterprise funds for 2020.



The following chart clearly demonstrates the definition of enterprise funds as being mainly reliant on user fees or charges as they constitute 95.6% of total operating and non-operating revenues.



BOROUGH OF CARLISLE

Management's Discussion and Analysis (Unaudited)

Impact of COVID-19 on the Borough

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the Commonwealth of Pennsylvania. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control (CDC) and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 16, 2020, the Borough of Carlisle issued an emergency disaster declaration relating to the Pandemic. Pennsylvania Governor Tom Wolf ordered all non-life-sustaining businesses in Pennsylvania to close their physical locations as of 8:00 p.m. March 19, 2020 to slow the spread of COVID-19. On March 23, 2020, the Pennsylvania Department of Education required all schools in the Commonwealth to close as a result of the COVID-19 response efforts. On April 1, 2020, the Governor issued a Stay at Home order effective for all Pennsylvania Counties.

On May 14, 2020, Borough Council issued a resolution providing real property tax relief for the payment of Municipal Real Estate Taxes due to the Pandemic. The resolution moved the deadline for making payment at face from July 1, 2020 to October 31, 2020. Commencing November 1, 2020, the penalty rate of ten per centum (10%) was reinstated. As indicated above, property taxes were not significantly impacted by offering this property tax relief with actual balances being \$ 37,087 less than budget and \$ 39,895 higher in comparison to balances at December 31, 2019.

In addition to the resolution issued above the Borough took several actions throughout 2020 to ensure the continuity of essential services to businesses and residents and to operate in accordance with CDC guidelines and Governor Orders. The actions taken included the following:

- cancellation of 2020 Parks and Recreation programs
- closure of the pool throughout 2020
- suspension of parking meter fees and tickets
- moratorium was placed on utility terminations and late fees

The actions listed above resulted in a notable decline in 2020 revenue and increases in past due balances across all funds. However, due to the uncertainty as to the impact and duration of the pandemic, budget managers took action to reduce spending while attempting to maintain the same level of service to the community. Examples of actions taken include:

- delay filling open positions (7 positions)
- reduced hiring of part-time and seasonal workers
- reduced purchasing of operating supplies
- reductions related to the Parks & Recreation programs that were cancelled
- maintaining detailed financial records related to COVID-19 response costs to ensure maximum reimbursement from available grant sources

While it was initially budgeted that the General Fund would use \$581,020 from fund balance reserves in 2020 to balance the Capital Projects Budget in actuality the actions taken to lower costs during 2020 resulted in a general fund surplus of \$499,545.

BOROUGH OF CARLISLE

Management's Discussion and Analysis (Unaudited)

In addition to other grant funding received by the Borough, the Borough was a recipient of United States Department of the Treasury Coronavirus Relief Fund in the amount of \$258,693 which was used during 2020 to address a significant portion of the direct costs associated with the Pandemic, including costs to mitigate the spread of virus and to improve Borough information technology infrastructure to allow for improved remote working and public meeting capabilities. In 2021, the Borough began to receive aid under the American Rescue Plan Act of 2021 to respond to the COVID-19 pandemic and address its economic effects. As of June 2021, the Borough received approximately \$4,593,336 which represents 50% of the total anticipated award. The Borough continues to monitor for additional grant funding opportunities it may be eligible for, but it is unclear whether additional funding will be received and in what amount.

The 2021 budget once again included a planned use of general fund reserves (\$630,113) to fund the Capital Projects Fund. The General Fund, over the years, accumulated a strong reserve balance that exceeds the goals of the Borough Council. Due to the reserve balances available, the Borough has flexibility in budgeting during an economic downturn (such as the one caused by the COVID-19 pandemic) and can limit the overall burden on Borough taxpayers. Budget managers continue to monitor their expenditures to ensure that savings are achieved when available in a fashion similar to the savings achieved during 2020, which resulted in a budget deficit reverting to an anticipated surplus. As of June 30, 2021, the General Fund activity is meeting budget expectations but it is too early to determine whether the year will end meeting expectations due to the uncertainty of the impact related to the COVID-19 pandemic.

The Borough continues to monitor the spread of COVID-19 and is working with federal, state, and local agencies to address the continued impact of the Pandemic on the Borough and its residents and businesses. While the continued and future impact of the Pandemic cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the Borough's operations and financial condition, and the effect could be material.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on Commonwealth websites, including but not limited to the Governor's office (<http://www.pa.gov/>), the Pennsylvania Department of Health (<http://www.health.pa.gov/>). *The Borough has not incorporated by reference the information on such websites and the Borough does not assume any responsibility for the accuracy of the information on such websites.*

Fund Outlook and Rate Changes

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. Long-term revenue growth is expected to remain sluggish. The Borough does not expect revenue sources to increase in the near term especially due to the impact of the COVID-19 Pandemic on the economy. The Borough will likely see expenditures steadily increase. Over the next several years, the Borough will work diligently to ameliorate the effects of this trend.

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 4% in 2018, 3.54% in 2020, and 3.42% increase is budgeted for 2021. Going forward the Borough can anticipate occasional rate increases to meet the demand of necessary capital improvements. In the meantime, cash reserves for the fund remain above 50% of annual operating expenses.

BOROUGH OF CARLISLE

Management's Discussion and Analysis (Unaudited)

Stormwater Fund. The stormwater fund was established in 2019 and is utilized to account for the financing of stormwater management and related services as they relate to the Borough, its residents, business establishments and various customers within the proximity of the Borough. The 2021 budget reflected no planned increase to the existing stormwater management service charge. The Borough will continue to evaluate the needs of the new fund as well as the required capital outlay needed for proper stormwater management to determine if any future rate increases are needed.

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 three percent in 2018, three percent in 2019, 3.35% in 2020 to prepare this fund for future capital expenses. No increase was proposed in the 2021 budget. Based on the completed rate study in 2018, the Borough can anticipate occasional rate increases to meet the demand of necessary capital improvements.

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. In 2020, the Borough installed Smart Parking Meters in the downtown, which offer customers the ability to pay electronically. Cash reserves continue to be in excess of 50% of annual operating expenses. The moratoriums in place for ticketing and collections of revenues will be phased out in 2021.

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 Richard JT Juday, 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, 2020

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Carlisle Borough Municipal Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 15,815,677	\$ 19,124,892	\$ 34,940,569	\$ 249,596
Investments	433,238	498,455	931,693	-
Receivables				
Taxes receivable, net	1,728,378	-	1,728,378	-
Accounts receivable - billed	-	1,301,398	1,301,398	-
Accounts receivable - unbilled	-	1,805,961	1,805,961	-
Other	792,522	513,989	1,306,511	27,523
Internal balances	(4,867,723)	4,867,723	-	-
Prepaid expenses	138,156	79,124	217,280	-
Inventories	84,842	412,872	497,714	-
Total current assets	14,125,090	28,604,414	42,729,504	277,119
Noncurrent assets				
Loan receivable	200,000	-	200,000	-
Net pension asset	3,083,277	786,636	3,869,913	-
Capital assets not being depreciated				
Land	1,292,633	504,102	1,796,735	-
Construction in progress	5,510,522	1,335,161	6,845,683	-
Capital assets net of accumulated depreciation				
Buildings and system	3,360,079	23,075,254	26,435,333	-
Improvements other than buildings	5,774,194	2,227,354	8,001,548	-
Machinery and equipment	2,857,946	16,451,504	19,309,450	-
Infrastructure	3,714,371	-	3,714,371	-
Total noncurrent assets	25,793,022	44,380,011	70,173,033	-
Total assets	39,918,112	72,984,425	112,902,537	\$ 277,119
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to net pension asset	230,375	42,898	273,273	-
Deferred outflows related to total OPEB liability	78,490	-	78,490	-
Deferred charge on bond refunding	34,215	25,075	59,290	-
Total deferred outflows of resources	343,080	67,973	411,053	-
Total assets and deferred outflows of resources	\$ 40,261,192	\$ 73,052,398	\$ 113,313,590	\$ 277,119
LIABILITIES				
Current liabilities				
Accounts payable	\$ 511,946	\$ 834,084	\$ 1,346,030	\$ 264,371
Deposits	373,645	176,175	549,820	-
Accrued wages and withholdings	251,426	102,653	354,079	-
Accrued interest expense	48,645	166,943	215,588	-
Short-term liabilities: Due within one year				
Bonds and notes payable	731,080	1,805,579	2,536,659	-
Compensated absences	212,676	159,134	371,810	-
Total current liabilities	2,129,418	3,244,568	5,373,986	264,371
Noncurrent liabilities				
Long-term liabilities: Due in more than one year				
Bonds and notes payable	7,312,232	23,557,854	30,870,086	-
Compensated absences	653,081	186,809	839,890	-
Total OPEB liability	1,559,514	-	1,559,514	-
Total noncurrent liabilities	9,524,827	23,744,663	33,269,490	-
Total liabilities	11,654,245	26,989,231	38,643,476	264,371
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to net pension asset	3,088,661	805,219	3,893,880	-
Total deferred inflows of resources	3,088,661	805,219	3,893,880	-
NET POSITION				
Net investment in capital assets	14,799,272	22,589,169	37,388,441	-
Restricted				
Highway improvements	1,286,004	-	1,286,004	-
Police activities	28,147	-	28,147	-
Capital projects	1,232,218	-	1,232,218	-
Grants and contributions	53,735	-	53,735	-
Unrestricted	8,118,910	22,668,779	30,787,689	12,748
Total net position	25,518,286	45,257,948	70,776,234	12,748
Total liabilities, deferred inflows of resources and net position	\$ 40,261,192	\$ 73,052,398	\$ 113,313,590	\$ 277,119

BOROUGH OF CARLISLE
Statement of Activities
Year Ended December 31, 2020

					Net (Expense) Revenue and Changes in Net Position			
								Discretely Presented
					Primary Government			Component Unit
Program Revenue								
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Carlisle Borough Municipal Authority
PRIMARY GOVERNMENT								
Governmental activities								
General government	\$ 1,996,953	\$ 346,724	\$ 720,507	\$ -	\$ (929,722)	\$ -	\$ (929,722)	\$ -
Public safety	5,660,761	250,898	306,719	-	(5,103,144)	-	(5,103,144)	-
Public services	1,709,843	37,174	233,044	1,348,420	(91,205)	-	(91,205)	-
Culture and recreation	893,308	110,814	148,649	-	(633,845)	-	(633,845)	-
Community development	471,282	-	576,436	-	105,154	-	105,154	-
Interest and amortization expense	250,103	-	-	-	(250,103)	-	(250,103)	-
Total governmental activities	10,982,250	745,610	1,985,355	1,348,420	(6,902,865)	-	(6,902,865)	-
Business-type activities								
Water	3,447,981	4,286,922	1,158	-	-	840,099	840,099	-
Sewer	5,448,124	6,105,810	7,408	323,801	-	988,895	988,895	-
Parking	538,817	400,579	2,870	-	-	(135,368)	(135,368)	-
Solid Waste	1,656,256	1,434,687	43,340	-	-	(178,229)	(178,229)	-
Stormwater	1,054,813	1,766,712	298	-	-	712,197	712,197	-
Total business-type activities	12,145,991	13,994,710	55,074	323,801	-	2,227,594	2,227,594	-
Total primary government	\$ 23,128,241	\$ 14,740,320	\$ 2,040,429	\$ 1,672,221	\$ (6,902,865)	\$ 2,227,594	\$ (4,675,271)	\$ -
DISCRETELY PRESENTED COMPONENT UNIT								
Carlisle Borough Municipal Authority	\$ 236,848	\$ 236,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General revenues and transfers								
Taxes								
Property taxes, levied for general purposes					\$ 5,143,699	\$ -	\$ 5,143,699	\$ -
Real estate transfer tax					457,392	-	457,392	-
Earned income tax					2,195,815	-	2,195,815	-
Local services tax					744,834	-	744,834	-
Other taxes					71,941	-	71,941	-
Unrestricted investment earnings					94,104	152,146	246,250	269
Miscellaneous revenues					81,317	41,383	122,700	-
Transfers					(73,124)	73,124	-	-
Total general revenues and transfers					8,715,978	266,653	8,982,631	269
Change in net position					1,813,113	2,494,247	4,307,360	269
Net position - beginning					23,705,173	42,763,701	66,468,874	12,479
Net position - ending					\$ 25,518,286	\$ 45,257,948	\$ 70,776,234	\$ 12,748

BOROUGH OF CARLISLE
Balance Sheet - Governmental Funds
December 31, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,515,089	\$ 986,437	\$ 1,314,151	\$ 15,815,677
Investments	433,238	-	-	433,238
Taxes receivable, net	1,728,378	-	-	1,728,378
Due from other funds	837,878	681,272	-	1,519,150
Other receivables	283,881	469,226	39,415	792,522
Inventories	84,842	-	-	84,842
Prepaid items	138,156	-	-	138,156
Loan receivable - long term	200,000	-	-	200,000
Total assets	<u>\$ 17,221,462</u>	<u>\$ 2,136,935</u>	<u>\$ 1,353,566</u>	<u>\$ 20,711,963</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 211,870	\$ 300,076	\$ -	\$ 511,946
Due to other funds	5,819,845	527,613	39,415	6,386,873
Accrued wages, benefits and withholdings	251,426	-	-	251,426
Deposits payable	373,645	-	-	373,645
Total liabilities	<u>6,656,786</u>	<u>827,689</u>	<u>39,415</u>	<u>7,523,890</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>706,564</u>	<u>150,152</u>	<u>-</u>	<u>856,716</u>
Fund balances				
Nonspendable	422,998	-	-	422,998
Spendable fund balance				
Restricted	19,175	1,159,094	1,314,151	2,492,420
Committed	598,344	-	-	598,344
Assigned	1,034,326	-	-	1,034,326
Unassigned	7,783,269	-	-	7,783,269
Total fund balances	<u>9,858,112</u>	<u>1,159,094</u>	<u>1,314,151</u>	<u>12,331,357</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,221,462</u>	<u>\$ 2,136,935</u>	<u>\$ 1,353,566</u>	<u>\$ 20,711,963</u>

BOROUGH OF CARLISLE**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2020**

Total fund balance - governmental funds \$ 12,331,357

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	81,319,691	
Accumulated depreciation	<u>(58,809,946)</u>	
		22,509,745

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. Also, the governmental activities taxes receivable are reported net of an allowance for uncollectable taxes.

706,564

Grants 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.

150,152

The net pension asset is not available in the current period and is not included in the balance sheet of governmental funds, but is included in the governmental activities of the Statement of Net Position. The noncurrent asset and related deferred inflows and outflows of resources consist of:

Net pension asset	3,083,277	
Deferred outflows related to net pension asset	230,375	
Deferred inflows related to net pension asset	<u>(3,088,661)</u>	
		224,991

The total OPEB liability is due and payable in the current period and is not included in the balance sheet of governmental funds, but is included in the governmental activities of the Statement of Net Position. The noncurrent liability and related deferred inflows and outflows of resources consist of:

Total OPEB liability	(1,559,514)	
Deferred outflows related to total OPEB liability	<u>78,490</u>	
		(1,481,024)

Noncurrent 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. Noncurrent liabilities and related deferred outflows of resources consist of:

Bonds and notes payable, net	(8,043,312)	
Accrued interest expense	(48,645)	
Deferred charge on bond refunding	34,215	
Compensated absences	<u>(865,757)</u>	
		<u>(8,923,499)</u>

Total net position - governmental activities \$ 25,518,286

BOROUGH OF CARLISLE
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 8,459,799	\$ -	\$ -	\$ 8,459,799
Licenses and permits	447,615	-	-	447,615
Fees and fines	84,150	-	-	84,150
Investment earnings	76,069	7,497	10,538	94,104
Rents	63,102	-	-	63,102
Intergovernmental	1,010,299	936,347	1,127,894	3,074,540
Charges for services	73,246	-	-	73,246
Contributions and miscellaneous	262,653	-	-	262,653
Proceeds from refunds/reimbursements	210,477	-	-	210,477
Total revenues	<u>10,687,410</u>	<u>943,844</u>	<u>1,138,432</u>	<u>12,769,686</u>
EXPENDITURES				
General government				
Borough council	31,042	-	-	31,042
Borough manager	107,237	-	-	107,237
Finance department	134,163	-	-	134,163
Tax collection	128,492	-	-	128,492
Personnel administration	49,347	-	-	49,347
Data processing	65,832	-	-	65,832
Legal services	28,338	-	-	28,338
Insurance premiums	261,211	-	-	261,211
Employee benefits (unallocated)	580,148	-	-	580,148
Buildings and plants	2,633	92,258	-	94,891
Public safety				
Police department	4,254,963	112,929	-	4,367,892
Fire department	1,105,632	-	-	1,105,632
Codes department	386,727	1,185,831	-	1,572,558
Public works				
Stormwater	28,267	-	-	28,267
Highways	917,137	261,504	665,720	1,844,361
Engineering	118,784	-	-	118,784
Parks and recreation	747,442	54,385	-	801,827
Conservation and community development	80,123	-	391,159	471,282
Debt service				
Principal	500,390	104,531	-	604,921
Interest and fiscal charges	168,314	135,000	-	303,314
Total expenditures	<u>9,696,222</u>	<u>1,946,438</u>	<u>1,056,879</u>	<u>12,699,539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>991,188</u>	<u>(1,002,594)</u>	<u>81,553</u>	<u>70,147</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	207,891	-	207,891
Proceeds from sale of capital assets	14,451	-	-	14,451
Transfers in	185,277	691,371	-	876,648
Transfers out	(691,371)	(73,124)	(185,277)	(949,772)
Total other financing sources and uses	<u>(491,643)</u>	<u>826,138</u>	<u>(185,277)</u>	<u>149,218</u>
Net change in fund balances	499,545	(176,456)	(103,724)	219,365
Fund balances - beginning	<u>9,358,567</u>	<u>1,335,550</u>	<u>1,417,875</u>	<u>12,111,992</u>
Fund balances - ending	<u>\$ 9,858,112</u>	<u>\$ 1,159,094</u>	<u>\$ 1,314,151</u>	<u>\$ 12,331,357</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, 2020

Net change in fund balances - total governmental funds **\$ 219,365**

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	(1,320,268)	
Capital outlays	<u>1,723,648</u>	403,380

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:

139,203

Because some grants 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 grant revenues is:

(66,796)

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

604,921

The issuance of general obligation notes provides current financial resources to governmental funds, but has no effect on net position. The amount includes note related items at the time of issuance.

(207,891)

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.

53,211

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

(122,451)

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

881,785

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:

(91,614)

Change in net position - governmental activities		<u>\$ 1,813,113</u>
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BOROUGH OF CARLISLE
Statement of Net Position - Proprietary Funds
December 31, 2020

	Enterprise Funds					
	Water Fund	Sewer Fund	Parking Fund	Stormwater Fund	Solid Waste Fund	Total
ASSETS						
Current assets						
Cash and cash equivalents	\$ 5,647,680	\$ 10,952,406	\$ 1,179,697	\$ 963,547	\$ 381,562	\$ 19,124,892
Investments	146,742	298,142	53,571	-	-	498,455
Accounts receivable						
Billed	630,724	533,426	-	137,248	-	1,301,398
Unbilled	626,378	869,516	-	310,067	-	1,805,961
Other receivables	58,849	366,754	7,014	298	81,074	513,989
Due from other funds	3,570,757	1,399,391	232,672	108,065	102,644	5,413,529
Inventories	155,769	206,903	17,246	5,054	27,900	412,872
Prepaid expenses	27,411	37,886	1,007	11,124	1,696	79,124
Total current assets	<u>10,864,310</u>	<u>14,664,424</u>	<u>1,491,207</u>	<u>1,535,403</u>	<u>594,876</u>	<u>29,150,220</u>
Noncurrent assets						
Net pension asset	273,962	430,909	21,209	54,851	5,705	786,636
Capital assets						
Land	11,963	166,938	325,201	-	-	504,102
Buildings and system, net	6,741,067	15,312,580	834,994	179,702	6,904	23,075,247
Improvements other than buildings, net	1,784,760	104,305	316,888	-	21,401	2,227,354
Machinery and equipment, net	2,648,642	13,501,732	237,047	58,226	5,864	16,451,511
Construction in progress	611,097	676,007	17,245	30,812	-	1,335,161
Total noncurrent assets	<u>12,071,491</u>	<u>30,192,471</u>	<u>1,752,584</u>	<u>323,591</u>	<u>39,874</u>	<u>44,380,011</u>
Total assets	<u>22,935,801</u>	<u>44,856,895</u>	<u>3,243,791</u>	<u>1,858,994</u>	<u>634,750</u>	<u>73,530,231</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension asset	10,836	17,044	3,257	11,535	226	42,898
Deferred charge on bond refunding	8,236	8,050	8,789	-	-	25,075
Total deferred outflows of resources	<u>19,072</u>	<u>25,094</u>	<u>12,046</u>	<u>11,535</u>	<u>226</u>	<u>67,973</u>
Total assets and deferred outflows of resources	<u>\$ 22,954,873</u>	<u>\$ 44,881,989</u>	<u>\$ 3,255,837</u>	<u>\$ 1,870,529</u>	<u>\$ 634,976</u>	<u>\$ 73,598,204</u>
LIABILITIES						
Current liabilities						
Accounts payable and deposits	\$ 262,450	\$ 663,327	\$ 13,193	\$ 44,753	\$ 26,536	\$ 1,010,259
Accrued wages payable	36,050	53,087	2,898	8,188	2,430	102,653
Accrued interest payable	66,494	93,665	6,056	202	526	166,943
Due to other funds	161,379	-	47,174	187,253	150,000	545,806
Compensated absences - current	41,221	95,257	886	21,770	-	159,134
Bonds, notes and loans payable - current	765,597	897,599	136,174	1,118	5,091	1,805,579
Total current liabilities	<u>1,333,191</u>	<u>1,802,935</u>	<u>206,381</u>	<u>263,284</u>	<u>184,583</u>	<u>3,790,374</u>
Noncurrent liabilities						
Compensated absences	48,390	111,823	1,040	25,556	-	186,809
Bonds, notes and loans payable	8,049,920	14,815,131	590,527	30,195	72,081	23,557,854
Total noncurrent liabilities	<u>8,098,310</u>	<u>14,926,954</u>	<u>591,567</u>	<u>55,751</u>	<u>72,081</u>	<u>23,744,663</u>
Total liabilities	<u>9,431,501</u>	<u>16,729,889</u>	<u>797,948</u>	<u>319,035</u>	<u>256,664</u>	<u>27,535,037</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension asset	279,784	442,049	21,217	54,871	7,298	805,219
Total deferred inflows of resources	<u>279,784</u>	<u>442,049</u>	<u>21,217</u>	<u>54,871</u>	<u>7,298</u>	<u>805,219</u>
NET POSITION						
Net investment in capital assets	6,431,514	14,685,953	1,236,125	206,545	7,631	22,567,768
Unrestricted	6,812,074	13,024,098	1,200,547	1,290,078	363,383	22,690,180
Total net position	<u>13,243,588</u>	<u>27,710,051</u>	<u>2,436,672</u>	<u>1,496,623</u>	<u>371,014</u>	<u>45,257,948</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 22,954,873</u>	<u>\$ 44,881,989</u>	<u>\$ 3,255,837</u>	<u>\$ 1,870,529</u>	<u>\$ 634,976</u>	<u>\$ 73,598,204</u>

BOROUGH OF CARLISLE**Statement of Revenue, Expenses, and Changes in Fund Net Position- Proprietary Funds**
Year Ended December 31, 2020

	Enterprise Funds					Total
	Water Fund	Sewer Fund	Parking Fund	Stormwater Fund	Solid Waste Fund	
OPERATING REVENUES						
Charges for services	\$ 4,116,880	\$ 6,081,855	\$ 400,219	\$ 1,766,712	\$ 1,416,052	\$ 13,781,718
OPERATING EXPENSES						
Administrative	524,043	437,342	347,263	946,437	22,691	2,277,776
Insurance premiums	80,377	167,152	8,085	-	-	255,614
Employee benefits	246,384	402,287	17,418	67,765	-	733,854
Payroll taxes - employer's portion	64,027	104,010	5,814	21,611	2,153	197,615
Plants	1,080,941	1,514,750	-	-	-	2,595,691
Plant labs	116,816	419,672	-	-	-	536,488
Distribution/collection	301,874	332,843	-	-	1,622,266	2,256,983
Maintenance	9,960	124,084	-	10,340	-	144,384
Depreciation	769,647	1,537,367	135,777	8,833	6,604	2,458,228
Total operating expenses	3,194,069	5,039,507	514,357	1,054,986	1,653,714	11,456,633
Operating income	922,811	1,042,348	(114,138)	711,726	(237,662)	2,325,085
NONOPERATING REVENUES (EXPENSES)						
Tap fees	-	23,811	-	-	-	23,811
Interest and investment revenue	57,440	79,784	9,554	3,165	2,203	152,146
Miscellaneous revenue	181,332	27,931	3,361	-	18,635	231,259
Intergovernmental	1,158	7,408	2,870	298	43,166	54,900
Interest expense	(253,912)	(408,617)	(25,155)	(202)	(2,542)	(690,428)
Total nonoperating revenues (expenses)	(13,982)	(269,683)	(9,370)	3,261	61,462	(228,312)
Income before transfers and capital contributions	908,829	772,665	(123,508)	714,987	(176,200)	2,096,773
Capital contributions and grants	-	323,801	-	375	174	324,350
Transfers in	27,625	-	-	73,124	-	100,749
Transfers out	-	(26,505)	-	(1,120)	-	(27,625)
Change in net position	936,454	1,069,961	(123,508)	787,366	(176,026)	2,494,247
Total net position - beginning	12,307,134	26,640,090	2,560,180	709,257	547,040	42,763,701
Total net position - ending	\$ 13,243,588	\$ 27,710,051	\$ 2,436,672	\$ 1,496,623	\$ 371,014	\$ 45,257,948

BOROUGH OF CARLISLE
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2020

	Enterprise Funds					Total
	Water Fund	Sewer Fund	Parking Fund	Stormwater Fund	Solid Waste Fund	
Cash flows from operating activities						
Receipts from customers	\$ 4,015,009	\$ 6,883,395	\$ 400,285	\$ 1,772,194	\$ 1,409,965	\$ 14,480,848
Receipts/repayment of customer deposits	-	(138,790)	-	-	-	(138,790)
Payments to suppliers	(1,090,609)	(2,213,013)	(513,088)	17,313	(1,490,621)	(5,290,018)
Payments to and on behalf of employees	(1,147,330)	(1,735,197)	(94,400)	(1,181,796)	(28,285)	(4,187,008)
Net cash provided (used) by operating activities	<u>1,777,070</u>	<u>2,796,395</u>	<u>(207,203)</u>	<u>607,711</u>	<u>(108,941)</u>	<u>4,865,032</u>
Cash flows from capital and related financing activities						
Purchase of capital assets	(1,007,644)	(1,218,490)	155,986	(177,028)	(2,350)	(2,249,526)
Proceeds from sale of capital assets	-	12,100	-	-	-	12,100
Proceeds from capital contributions and grants	-	246,629	-	298	-	246,927
Proceeds from tap fees	-	23,811	-	-	-	23,811
Principal paid on capital debt	(669,820)	(934,201)	(109,307)	-	(4,751)	(1,718,079)
Interest and fiscal charges paid on capital debt	(357,311)	(587,726)	(32,382)	(3,628)	(2,727)	(983,774)
Net cash provided (used) by capital and related financing activities	<u>(2,034,775)</u>	<u>(2,457,877)</u>	<u>14,297</u>	<u>(180,358)</u>	<u>(9,828)</u>	<u>(4,668,541)</u>
Cash flows from non-capital financing activities						
Grants/state aid received	1,158	-	2,870	-	73,774	77,802
Transfer from other funds	27,625	-	-	-	174	27,799
Transfer to other funds	-	(26,505)	-	(1,120)	-	(27,625)
Net cash provided (used) by non-capital financing activities	<u>28,783</u>	<u>(26,505)</u>	<u>2,870</u>	<u>(1,120)</u>	<u>73,948</u>	<u>77,976</u>
Cash flows from investing activities						
Purchase of investments	(8,449)	(17,166)	(3,085)	-	-	(28,700)
Sale of investments	193,760	393,658	70,730	-	-	658,148
Interest and dividends received	210,480	2,298,862	25,572	3,165	23,565	2,561,644
Net cash provided (used) by investing activities	<u>395,791</u>	<u>2,675,354</u>	<u>93,217</u>	<u>3,165</u>	<u>23,565</u>	<u>3,191,092</u>
Net increase (decrease) in cash and cash equivalents	<u>166,869</u>	<u>2,987,367</u>	<u>(96,819)</u>	<u>429,398</u>	<u>(21,256)</u>	<u>3,465,559</u>
Cash and cash equivalents - beginning of the year	<u>5,480,811</u>	<u>7,965,039</u>	<u>1,276,516</u>	<u>534,149</u>	<u>402,818</u>	<u>15,659,333</u>
Cash and cash equivalents - end of the year	<u>\$ 5,647,680</u>	<u>\$ 10,952,406</u>	<u>\$ 1,179,697</u>	<u>\$ 963,547</u>	<u>\$ 381,562</u>	<u>\$ 19,124,892</u>

BOROUGH OF CARLISLE
Statement of Cash Flows - Proprietary Funds (Continued)
Year Ended December 31, 2020

	Enterprise Funds					
	Water Fund	Sewer Fund	Parking Fund	Stormwater Fund	Solid Waste Fund	Total
Reconciliation of income from operations to net cash provided (used) by operating activities						
Operating income	\$ 922,811	\$ 1,042,348	\$ (114,138)	\$ 711,726	\$ (237,662)	\$ 2,325,085
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization expense	769,647	1,537,367	135,777	8,833	6,604	2,458,228
Miscellaneous nonoperating activities	181,332	15,831	3,361	375	18,635	219,534
(Increase) decrease in:						
Accounts receivable	(219,117)	56,871	-	(49,204)	-	(211,450)
Due from other funds	(1,424)	(1,490)	84,507	-	-	81,593
Other receivables	(49,073)	728,838	(3,295)	54,311	(24,722)	706,059
Inventories	(23,693)	(6,156)	5	(70)	4,095	(25,819)
Prepaid expenses	(22,739)	(32,928)	(1,007)	(11,124)	(1,696)	(69,494)
Increase (decrease) in:						
Accounts payable	314,615	(302,571)	(340,693)	68,251	(24,198)	(284,596)
Customer deposits	-	(138,790)	-	-	-	(138,790)
Due to other funds	(15,438)	(830)	34,745	(178,920)	149,795	(10,648)
Accrued wages payable	9,283	15,435	(152)	3,370	2,380	30,316
Compensated absences	(2,593)	19,085	(7,247)	14,865	-	24,110
Net pension asset and related items	(86,541)	(136,615)	934	(14,702)	(2,172)	(239,096)
Net cash provided (used) by operating activities	<u>\$ 1,777,070</u>	<u>\$ 2,796,395</u>	<u>\$ (207,203)</u>	<u>\$ 607,711</u>	<u>\$ (108,941)</u>	<u>\$ 4,865,032</u>
Supplemental schedule of non-cash capital and related financing activities						
Capital contributions and change in grants receivable	<u>\$ -</u>	<u>\$ 102,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,774</u>

BOROUGH OF CARLISLE
Statement of Fiduciary Net Position
December 31, 2020

	Pension Trust Funds	Private Purpose Trust Fund	Custodial Fund
ASSETS			
Cash and cash equivalents	\$ 831,549	\$ 2,880	\$ 826,191
Accrued interest receivable	11	250	-
Fixed income mutual funds	11,761,966	159,327	-
Mutual funds	22,404,751	76,934	-
Total assets	<u>\$ 34,998,277</u>	<u>\$ 239,391</u>	<u>\$ 826,191</u>
LIABILITIES			
Accounts payable	\$ -	\$ 49,038	\$ -
Due to other governments	-	-	826,191
Total liabilities	<u>-</u>	<u>49,038</u>	<u>826,191</u>
NET POSITION			
Net position restricted for pensions	34,998,277	-	-
Held in trust for benefits and other purposes	-	190,353	-
Total net position	<u>34,998,277</u>	<u>190,353</u>	<u>-</u>
Total liabilities and net position	<u>\$ 34,998,277</u>	<u>\$ 239,391</u>	<u>\$ 826,191</u>

BOROUGH OF CARLISLE
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2020

	Pension Trust Funds	Private Purpose Trust Fund	Custodial Fund
ADDITIONS			
Contributions			
Employer	\$ 686,501	\$ -	\$ -
Plan members	223,113	-	-
Total contributions	<u>909,614</u>	<u>-</u>	<u>-</u>
Investment earnings			
Net appreciation (depreciation) in fair value of investments	4,411,347	12,679	-
Interest and dividends	634,599	7,705	13,669
Investment activity expense	(82,515)	-	-
Total net investment earnings	<u>4,963,431</u>	<u>20,384</u>	<u>13,669</u>
Tax collections	-	-	24,126,348
Total net additions (depreciation)	<u>5,873,045</u>	<u>20,384</u>	<u>24,140,017</u>
DEDUCTIONS			
Benefits	1,468,379	2,621	-
Administrative	55,365	4,481	-
Miscellaneous expense	-	196	-
Tax remittances to other governments	-	-	24,140,017
Total deductions	<u>1,523,744</u>	<u>7,298</u>	<u>24,140,017</u>
Change in net position	4,349,301	13,086	-
Net position - beginning	<u>30,648,976</u>	<u>177,267</u>	<u>-</u>
Net position - ending	<u>\$ 34,998,277</u>	<u>\$ 190,353</u>	<u>\$ -</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 component unit is reported discretely as it does not satisfy the blending criteria of GASB Standards:

The Carlisle Borough Municipal Authority (the "Authority") is governed by a board appointed by Borough Council. The Authority owns portions of the water system which services almost entirely the Borough of Carlisle. 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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

either party. Under the terms of the lease, the Borough conducts all operations of the water system including the financing of all capital improvements and setting of the water rates. The Authority currently has no employees. The Borough can impose its will on the Authority with its ability to approve budgets, approve and modify water rates and provides all employees for the operation of the system.

Under Pennsylvania Borough code, Boroughs are unable to provide water and sewer services directly to customers outside of Borough limits. The Borough provides water services to a number of customers outside of Borough limits through the Municipal Authority. The Borough provides the water service to the customers through the overall operation of the water system and bills the customers directly for this service. To provide for requirements of Borough Code, the Borough turns over the collection of the receipts from these customers outside Borough limits to the Municipal Authority and in turn bills the Municipal Authority the same amount for the purchase of the water.

As a result of the fact the Authority provides services to the citizens and not directly to the Borough, the Authority is included in these financial statements as a discretely presented component unit. 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures/expenses. The various funds of the primary government 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 major governmental funds:

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.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

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.

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 reports the following as major enterprise funds:

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, business establishments, and various customers located within the proximity of the Borough.

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

Stormwater Fund – provides stormwater management services, including the collection and conveyance of stormwater, for the Borough of Carlisle, its residents, business establishments and various customers within the proximity of the Borough.

Solid Waste Fund – provides recycling and trash removal for the Borough of Carlisle, its residents and business establishments throughout the Borough.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension and other postemployment trust funds, investment trust funds, private purpose trust funds, and custodial 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. Custodial funds are used to report fiduciary funds not required to be reported in other fiduciary fund types.

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.

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 a Custodial Fund, which consists of:

Tax Collection Fund – Accounts for the collection of and disbursement of certain real estate taxes on behalf of other governmental entities.

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 primary government is reported separately from the legally separate discretely presented component unit for which the primary government is financially accountable.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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, deferred outflows of resources, current liabilities, deferred inflows of resources, 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, deferred outflows, liabilities and deferred inflows 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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) is 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. Revenues from federal, state, and other grants designated for payment of specific Borough expenditures are 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 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, Cash Equivalents, and Investments

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 include certificate of deposit with an original maturity greater than three months. Investments are stated at fair value. Accrued interest is included with receivables on the statement of net position/balance sheet.

The Borough invests in funds with the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT operates and is authorized under the Intergovernmental Cooperation Act of 1972. Investments in these funds have a daily liquidity and are valued at amortized cost which approximates fair value.

These funds invest in federal securities backed by the full faith and credit of the United States Government, in agencies, instrumentalities and subdivisions of the Commonwealth of Pennsylvania and backed by the full faith and credit of the Commonwealth, and certificates of deposit which are insured by the Federal Insurance Corporation or which are collateralized as provided by law of Act 72 of 1971.

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.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 acquisition value 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 costs related to construction in the proprietary funds are expensed as incurred.

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
Machinery and equipment	5 - 10
Pipe	25

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the pension asset and OPEB liability. 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 various amounts related to the pension asset and OPEB liability. These amounts will be amortized in future periods. In addition, the Borough has unavailable revenue that is reported as deferred inflows of resources in the governmental funds balance sheet.

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, 2020 consists of the following:

Government -Wide Activities

	Governmental Activities	Business-Type Activities
Capital assets	\$ 22,509,745	\$ 43,593,375
Bonds and notes payable	(8,043,312)	(25,363,433)
Accounts and retainage payable related to capital assets	(275,315)	(577,253)
Deferred charge on bond refunding	34,215	25,075
Unspent debt proceeds	573,939	4,911,405
Net investment in capital assets	<u>\$ 14,799,272</u>	<u>\$ 22,589,169</u>

Proprietary Funds

	Water Fund	Sewer Fund	Parking Fund	Stormwater Fund	Solid Waste Fund
Capital assets	\$ 11,797,529	\$ 29,761,562	1,731,375	\$ 268,740	\$ 34,169
Bonds and notes payable	(8,815,517)	(15,712,730)	(726,701)	(31,313)	(77,172)
Accounts and retainage payable related to capital assets	(125,708)	(420,663)	-	(30,882)	-
Deferred charge on bond refunding	8,236	8,050	8,789	-	-
Unspent debt proceeds	3,566,974	1,049,734	222,662	-	72,035
Net investment in capital assets	<u>\$ 6,431,514</u>	<u>\$ 14,685,953</u>	<u>\$ 1,236,125</u>	<u>\$ 206,545</u>	<u>\$ 29,032</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

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, 2020, restrictions of net position are as follows: highway projects of \$ 1,286,004, police activities of \$ 28,147, various grants and contributions of \$ 53,735 and capital projects of \$ 1,232,218.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds (Continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

Borough Council adopts annual budgets on a basis consistent with generally accepted accounting principles (GAAP) for all funds except the Community Development Block Grant Fund. 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 and insurance recoveries. 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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension Plans (Continued)

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 value of the deferred account for each participant. The participants have the ability to make investment choices within the plans' options and therefore, maintain control of the assets. In accordance with provisions of the GASB, the assets and liabilities of the 457(g) plan and 401(a) plan are not reported on the financial statements of the Borough.

Other Postemployment Benefits Other Than Pensions

GASB establishes standards for the measurement, recognition, and display of other postemployment benefit expenditures and related liabilities, note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The Borough's other postemployment benefits are accounted for in accordance with these standards.

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 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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

The Borough and its discretely presented component unit are 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 maturity.
- Negotiable certificates of deposit or other evidence 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.

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, 2020, the Borough has a bank balance of \$ 15,444,439. Of this balance, \$ 2,661,874 is covered by FDIC insurance and the remaining balance of \$ 12,782,565 was exposed to custodial credit risk. This balance was uninsured but is collateralized by securities held by the pledging financial institution, not in the Borough's name.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits – Custodial Credit Risk (Continued)

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, 2020, the Borough's investments were as follows:

	Fair Value	Credit Quality Rating
PLGIT-Class	16,361,692	AAAm
PLGIT-Prime	5,100,972	AAAm
Cetera Advisors - Negotiable CD's	931,693	Not Rated

The investments in PLGIT are considered cash equivalents for financial reporting purposes. The negotiable certificates of deposit are considered cash equivalents and investments for financial reporting purposes based on maturities. The brokered 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)-ARM, PLGIT-Class, and PLGIT-Prime. PLGIT is an external investment pool. These funds operate similarly to mutual funds that consist of short-term money market instruments and seek to maintain a constant net asset value of \$ 1 per share. PLGIT deposits were invested by PLGIT directly into portfolios of securities which are held by a third-party custodian. The Borough's investments that have a credit quality rating are included in the table above.

Interest Rate Risk – Investments

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-ARM, PLGIT-Class, 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.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Policies Followed at PLGIT

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. There is no regulatory oversight for the pools which are governed by the Board of Trustees. The Borough's investments in PLGIT are valued at amortized cost, which approximates fair value and is determined by the pools' share price.

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

Municipal Pension Plans

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

	Total Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
Federated treasury obligations	\$ 831,549	\$ 831,549	\$ -	\$ -
Fixed Income Mutual Funds	11,761,966	4,481,596	342,565	6,937,805
Open End Mutual Funds	22,404,751	22,404,751	-	-
	<u>\$ 34,998,266</u>	<u>\$ 27,717,896</u>	<u>342,565</u>	<u>\$ 6,937,805</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 different funds and have average S & P quality ratings between BBB 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 \$ 7,963,205. These may be subject to foreign securities and currencies risk.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Private Purpose Trust Fund

Investments held by the trustees of the Cemetery Trust are as follows:

	Total Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
Fixed Income Mutual Funds	\$ 159,327	\$ -	\$ 5,053	\$ 154,274
Mutual Funds	76,934	76,934	-	-
	<u>\$ 236,261</u>	<u>\$ 76,934</u>	<u>\$ 5,053</u>	<u>\$ 154,274</u>

Credit Risk – Private Purpose Trust

The Borough does not have an investment policy related to its private purpose trust fund. The fixed income mutual funds include several different funds and have average S & P quality ratings between BBB and B.

Interest Rate Risk – Private Purpose Trust

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 – Private Purpose Trust

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 \$ 8,567. 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 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)

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.

Federated Treasury Obligations

The fair value of treasury obligations is estimated using quoted active markets for identical assets. Such investments are generally classified as Level 1 of the valuation hierarchy.

Brokered Certificates of Deposit

The fair value of brokered 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.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Federated treasury obligations	\$ 831,549	\$ 831,549	\$ -	\$ -
Brokered certificates of deposit	931,693	-	931,693	-
Mutual funds by type:				
Fixed Income Mutual Funds	11,921,293	11,921,293	-	-
Open End	22,481,685	22,481,685	-	-
	34,402,978	34,402,978	-	-
Total investments by fair value category	\$ 36,166,220	\$ 35,234,527	\$ 931,693	\$ -

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 3 TAXES RECEIVABLE AND UNAVAILABLE TAX REVENUES

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. In response to the COVID-19 disaster emergency, the Borough provided a waiver of the 10% penalty for the period of July 1, 2020 to October 31, 2020 provided the full amount of the tax due of the face amount was paid on or before October 31, 2020. 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, 2020 is \$ 1,484,239,400.

Taxes receivable consists of the following as of December 31, 2020:

Real Estate	\$	816,397
Fire tax		31,611
LST tax		196,803
Earned Income		638,812
Realty Transfer		51,313
Allowance for uncollectible accounts		<u>(6,558)</u>
Taxes receivable		1,728,378
Taxes collected within sixty days, recorded as revenues in the governmental funds		<u>(1,021,814)</u>
Taxes estimated to be collected after sixty days, recorded as deferred inflows of resources - unavailable tax revenue in the governmental funds	\$	<u>706,564</u>

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Due from/to other funds consist of the following as of December 31, 2020:

	Due from Other Funds	Due To Other Funds
Major Governmental Funds:		
General Fund	\$ 837,878	\$ 5,819,845
Capital Projects Fund	681,272	527,613
Non-major Governmental Funds:		
Community Development Block Grant	-	39,415
Major Enterprise Funds:		
Water Fund	3,570,757	161,379
Sewer Fund	1,399,391	-
Parking Fund	232,672	47,174
Stormwater Fund	108,065	187,253
Non-major Enterprise Funds:		
Solid Waste Fund	102,644	150,000
	<u>\$ 6,932,679</u>	<u>\$ 6,932,679</u>

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (CONTINUED)

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 to Enterprise Funds: for amount due for various reconciling items, including payroll.

General Fund to Capital Projects Fund and Enterprise Funds: for payment of cash proceeds from debt issuances and reimbursement related to grant proceeds.

Capital Projects Fund to General Fund: for debt payments made from the General Fund on the Capital Projects Fund's behalf.

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

Stormwater Fund to General Fund: to repay start-up cash for the establishment of the stormwater fund.

Interfund transfers consist of the following for 2020:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 185,277	\$ 691,371
Capital Projects Fund	691,371	73,124
Non-major Governmental Funds:		
Community Development Block Grant Fund	-	185,277
Major Enterprise Funds:		
Water Fund	27,625	-
Sewer Fund	-	26,505
Stormwater Fund	73,124	1,120
	<u>\$ 977,397</u>	<u>\$ 977,397</u>

The following transfers were made during the year:

CDBG Fund to General Fund: for transfer of funds received into the general fund relating to projects eligible under the Community Development Block Grant program.

Sewer Fund and Stormwater Fund to Water Fund: for one-half of costs of meter maintenance.

General Fund to Capital Projects Fund: for portion of budgeted transfer.

Capital Projects Fund to Stormwater Fund: for drawdown of funds for capital projects.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 5 CAPITAL ASSETS

Capital asset activity for the Borough consists of the following as of and for the year ended December 31, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Cost:				
Capital assets not being depreciated				
Land	\$ 1,292,633	\$ -	\$ -	\$ 1,292,633
Construction in progress (1)	4,695,213	815,309	-	5,510,522
Capital assets				
Land improvements	8,577,290	262,898	-	8,840,188
Buildings	9,991,121	75,798	-	10,066,919
Machinery and equipment	10,266,621	510,513	(108,051)	10,669,083
Infrastructure	<u>44,881,216</u>	<u>59,130</u>	<u>-</u>	<u>44,940,346</u>
Total cost	<u>79,704,094</u>	<u>1,723,648</u>	<u>(108,051)</u>	<u>81,319,691</u>
Less accumulated depreciation:				
Land improvements	(2,883,180)	(182,814)	-	(3,065,994)
Buildings	(6,463,694)	(243,146)	-	(6,706,840)
Machinery and equipment	(7,393,303)	(525,885)	108,051	(7,811,137)
Infrastructure	<u>(40,857,552)</u>	<u>(368,423)</u>	<u>-</u>	<u>(41,225,975)</u>
Total accumulated depreciation	<u>(57,597,729)</u>	<u>(1,320,268)</u>	<u>108,051</u>	<u>(58,809,946)</u>
Capital assets, net	<u>\$ 22,106,365</u>	<u>\$ 403,380</u>	<u>\$ -</u>	<u>\$ 22,509,745</u>
Business -Type Activities:				
Cost:				
Capital assets not being depreciated				
Land	\$ 504,102	\$ -	\$ -	\$ 504,102
Construction in progress (1)	8,595,609	(7,260,448)	-	1,335,161
Capital assets				
Land improvements	4,331,467	21,655	-	4,353,122
Buildings	43,508,780	26,149	-	43,534,929
Machinery and equipment	35,825,751	628,528	(127,734)	36,326,545
Pipe	<u>17,430,842</u>	<u>8,875,468</u>	<u>-</u>	<u>26,306,310</u>
Total cost	<u>110,196,551</u>	<u>2,291,352</u>	<u>(127,734)</u>	<u>112,360,169</u>
Less accumulated depreciation:				
Land improvements	(2,052,766)	(73,002)	-	(2,125,768)
Buildings	(34,466,652)	(758,488)	-	(35,225,140)
Machinery and equipment	(18,537,196)	(1,465,579)	127,734	(19,875,041)
Pipe	<u>(11,379,686)</u>	<u>(161,159)</u>	<u>-</u>	<u>(11,540,845)</u>
Total accumulated depreciation	<u>(66,436,300)</u>	<u>(2,458,228)</u>	<u>127,734</u>	<u>(68,766,794)</u>
Capital assets, net	<u>\$ 43,760,251</u>	<u>(\$ 166,876)</u>	<u>\$ -</u>	<u>\$ 43,593,375</u>

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended December 31, 2020 was charged as follows:

	Governmental Activities	Business-Type Activities
General government	\$ 79,757	\$ -
Public safety	415,688	-
Public services	630,376	-
Parks and recreation	194,447	-
Water	-	769,647
Sewer	-	1,537,367
Parking	-	135,777
Stormwater	-	8,833
Solid Waste	-	6,604
	<u>\$ 1,320,268</u>	<u>\$ 2,458,228</u>

(1) Ending construction in process represents the costs incurred through December 31, 2020 for various capital projects.

NOTE 6 LONG-TERM LIABILITIES

The changes in long-term liabilities, excluding the OPEB liability, during the year ended December 31, 2020 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities:						
Bonds:						
(C) 2017A GO Bond	\$ 1,948,338	\$ -	\$ (104,531)	\$ 1,843,807	\$ 109,307	\$ 1,734,500
(D) 2017B GO Bond	3,539,133	-	(439,429)	3,099,704	527,718	2,571,986
Bond premium	562,212	-	(52,210)	510,002	52,210	457,792
Subtotal - bonds	6,049,683	-	(596,170)	5,453,513	689,235	4,764,278
Direct borrowings:						
(B) 2016 GO Note	360,654	-	(60,961)	299,693	41,845	257,848
(E) 2018 GO Note	2,082,215	207,891	-	2,290,106	-	2,290,106
Subtotal - direct borrowings	2,442,869	207,891	(60,961)	2,589,799	41,845	2,547,954
Total bonds and direct borrowings	8,492,552	207,891	(657,131)	8,043,312	731,080	7,312,232
Compensated absences	774,143	437,566	(345,952)	865,757	212,676	653,081
Total long-term liabilities	<u>\$ 9,266,695</u>	<u>\$ 645,457</u>	<u>\$ (1,003,083)</u>	<u>\$ 8,909,069</u>	<u>\$ 943,756</u>	<u>\$ 7,965,313</u>

The General Fund is used to liquidate the liabilities for debt and compensated absences in the Governmental Activities.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Business-Type Activities:						
Bonds:						
(C) Water 2017A GO Bond	\$ 3,360,500	\$ -	\$ (126,865)	\$ 3,233,635	\$ 100,342	\$ 3,133,293
(D) Water 2017B GO Bond	4,592,848	-	(427,175)	4,165,673	494,783	3,670,890
(C) Sewer 2017A GO Bond	3,546,168	-	(102,013)	3,444,155	106,871	3,337,284
(D) Sewer 2017B GO Bond	4,576,793	-	(354,410)	4,222,383	391,896	3,830,487
(C) Parking 2017A GO Bond	201,246	-	(12,064)	189,182	12,612	176,570
(D) Parking 2017B GO Bond	516,226	-	(88,985)	427,241	110,603	316,638
(C) Solid Waste 2017A GO Bond	78,748	-	(4,721)	74,027	4,935	69,092
(C) Stormwater 2017A GO Bond	-	30,193	-	30,193	933	29,260
Bond premium	1,626,902	-	(148,265)	1,478,637	148,449	1,330,188
Subtotal - bonds	18,499,431	30,193	(1,264,498)	17,265,126	1,371,424	15,893,702
Direct borrowings:						
(B) Water 2016 GO Note	863,602	-	(145,973)	717,629	100,198	617,431
(A) Sewer 2015 GO Note	4,997,000	-	(1,000)	4,996,000	1,000	4,995,000
(B) Sewer 2016 GO Note	2,820,709	-	(476,778)	2,343,931	327,268	2,016,663
(B) Parking 2016 GO Note	48,855	-	(8,258)	40,597	5,669	34,928
(B) Solid Waste 2016 Note	180	-	(30)	150	20	130
Subtotal - direct borrowings	8,730,346	-	(632,039)	8,098,307	434,155	7,664,152
Total bonds and direct borrowings	27,229,777	30,193	(1,896,537)	25,363,433	1,805,579	23,557,854
Compensated absences	314,914	259,297	(228,268)	345,943	159,134	186,809
Total long-term liabilities	\$ 27,544,691	\$ 289,490	\$ (2,124,805)	\$ 25,709,376	\$ 1,964,713	\$ 23,744,663

- (A) **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%.
- (B) **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%.
- (C) **General Obligation Bond Series of 2017A** – In December 2017, the Borough authorized General Obligation Bonds, Series 2017A in the principal amount of \$ 9,775,000 to finance future capital projects. Annual installments varying from \$ 305,000 to \$ 485,000 are due beginning October 15, 2018 through October 15, 2042, with interest rates between 2.00% and 5.00%. In the event of default, bond holders have a right to specific performance.
- (D) **General Obligation Bond Series of 2017B** – In December 2017, the Borough authorized General Obligation Bonds, Series 2017B in the principal amount of \$ 14,885,000 to currently refund General Obligation Notes, Series of 2012, 2013, and 2014. Annual installments varying from \$ 260,000 to \$ 1,735,000 are due beginning October 15, 2018 through October 15, 2029, with interest rates between 2.00% and 5.00%. In the event of default, bond holders have a right to specific performance.

BOROUGH OF CARLISLE

Notes to Financial Statements

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

- (E) **General Obligation Note Series of 2018** – In December 2018, the Borough authorized General Obligation Note, Series 2018 in the principal amount of \$ 5,000,000 to finance capital projects. Outstanding principal is due and payable on December 1, 2022. Interest payments at a rate of 3.24% are payable quarterly.

The Borough's bonds and notes contain provisions that in the event of default, all principal of bonds and notes outstanding may be declared or may become due and payable upon provisions provided in the debt agreements.

During 2020 interest expense was incurred as follows:

General fund	\$ 168,314
Capital projects fund	135,000
Water fund	253,912
Sewer fund	408,616
Parking fund	25,155
Stormwater fund	202
Solid waste fund	2,542

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

The following is a schedule, by years and in the aggregate, of future minimum debt principal and interest payments required at December 31, 2020.

Year	Governmental Activities				Business-Type Activities				Total
	Bonds		Direct Borrowings		Bonds		Direct Borrowings		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 637,025	\$ 205,607	\$ 41,845	\$ 80,381	\$ 1,222,977	\$ 617,619	\$ 434,156	\$ 177,491	\$ 3,417,101
2022	664,378	173,755	2,333,272	82,107	1,290,621	556,470	447,835	169,842	5,718,280
2023	699,271	140,536	43,518	3,778	1,360,728	491,939	451,482	161,953	3,353,205
2024	509,814	105,573	55,764	3,013	1,475,187	423,901	578,236	154,000	3,305,488
2025	508,109	80,082	57,085	2,031	1,576,892	350,144	591,916	182,247	3,348,506
2026 - 2030	1,407,114	176,273	58,315	1,025	4,627,884	966,864	2,602,682	852,806	10,692,963
2031 - 2035	368,820	42,318	-	-	1,616,179	536,532	2,992,000	308,720	5,864,569
2036 - 2040	103,182	16,342	-	-	1,811,817	286,958	-	-	2,218,299
2041 - 2042	45,798	2,069	-	-	804,204	36,331	-	-	888,402
	\$ 4,943,511	\$ 942,555	\$ 2,589,799	\$ 172,335	\$ 15,786,489	\$ 4,266,758	\$ 8,098,307	\$ 2,007,059	\$ 38,806,813

NOTE 7 DEFINED BENEFIT 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, 2020, the participation in each plan is as follows:

	Non-Uniform	Police
Participants:		
Retirees and beneficiaries	44	33
Vested former members	23	3
Active employees	<u>66</u>	<u>32</u>
Total	<u>133</u>	<u>68</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 pay, 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, \$ 100 per month upon completion of twenty-seven years of service, \$ 150 per month upon completion of twenty-eight years of service, or \$ 200 per month upon completion of twenty-nine years of service. The Non-Uniformed Plan and Police Officers' Plan also include a disability benefit. The Police Officers' Plan also includes survivor benefits.

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 7.85% of annual payroll for the Non-Uniformed Employees plan and 14.08% of annual payroll for Police Officers plan. The employer contributions for 2020 were \$ 282,811 for the Non-Uniformed plan and \$ 403,690 for the Police Officers plan.

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

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, 2020, the annual money weighted rate of return on pension investments, net of pension plan investment expense was 16.74% for the Non-Uniformed Employees plan and 16.75% 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.

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

At December 31, 2020 the Borough reported an asset of \$ 3,869,913 in the Statement of Net Position. The net pension asset was measured as of December 31, 2020, and the total pension liability was determined by rolling forward liabilities from actuarial valuations as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. For the year ended December 31, 2020, the Borough recognized pension expense of (\$ 171,592) for the Non-Uniformed plan and (\$ 269,701) for the Police Officers plan.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Investments (Continued)

The following details the changes in total pension liability, the plan fiduciary net position, and the net pension liability, as of December 31, 2020:

Non-Uniformed Plan

	Increase (Decrease)			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Plan Fiduciary Net Position as a % of Total Pension Liability (Asset)
	(a)	(b)	(a) - (b)	
Balances as of December 31, 2019	\$ 12,171,416	\$ 12,438,234	\$ (266,818)	102.19%
Changes for the year:				
Service cost	236,478	-	236,478	
Interest	913,512	-	913,512	
Changes in experience	-	-	-	
Contributions - employer	-	282,811	(282,811)	
Contributions - employee	-	57,395	(57,395)	
Net investment income	-	2,018,734	(2,018,734)	
Benefit payments, including refunds of member contributions	(455,500)	(455,500)	-	
Administrative expenses	-	(13,075)	13,075	
Net Changes	694,490	1,890,365	(1,195,875)	
Balances as of December 31, 2020	<u>\$ 12,865,906</u>	<u>\$ 14,328,599</u>	<u>\$ (1,462,693)</u>	111.37%

Police Officers Plan

	Increase (Decrease)			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Plan Fiduciary Net Position as a % of Total Pension Liability (Asset)
	(a)	(b)	(a) - (b)	
Balances as of December 31, 2019	\$ 17,515,486	\$ 18,210,742	\$ (695,256)	103.97%
Changes for the year:				
Service cost	450,394	-	450,394	
Interest	1,309,457	-	1,309,457	
Changes in experience	-	-	-	
Contributions - employer	-	403,690	(403,690)	
Contributions - employee	-	165,718	(165,718)	
Net investment income	-	2,909,332	(2,909,332)	
Benefit payments, including refunds of member contributions	(1,012,879)	(1,012,879)	-	
Administrative expenses	-	(6,925)	6,925	
Net Changes	746,972	2,458,936	(1,711,964)	
Balances as of December 31, 2020	<u>\$ 18,262,458</u>	<u>\$ 20,669,678</u>	<u>\$ (2,407,220)</u>	113.18%

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Investments (Continued)

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

	Non-Uniformed		Police		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,231	\$ 252,847	\$ 197,117	\$ 556,691	\$ 202,348	\$ 809,538
Changes of assumptions	52,623	-	-	110,256	52,623	110,256
Change in proportions - governmental activities/business-type activities	18,302	18,302	-	-	18,302	18,302
Net difference between projected and actual earnings on pension plan investments	-	1,210,373	-	1,745,411	-	2,955,784
	<u>\$ 76,156</u>	<u>\$ 1,481,522</u>	<u>\$ 197,117</u>	<u>\$ 2,412,358</u>	<u>\$ 273,273</u>	<u>\$ 3,893,880</u>

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

Year Ended December 31:	Non-Uniformed	Police	Total
2021	\$ (375,641)	\$ (564,179)	\$ (939,820)
2022	(233,029)	(339,862)	(572,891)
2023	(525,694)	(776,439)	(1,302,133)
2024	(244,571)	(423,422)	(667,993)
2025	(26,431)	(111,339)	(137,770)
	<u>\$ (1,405,366)</u>	<u>\$ (2,215,241)</u>	<u>\$ (3,620,607)</u>

Actuarial Methods and Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	Non-Uniform	Police
Inflation	3.00%	3.00%
Salary increases (average, including inflation)	4.50%	5.00%
Investment rate of return (including inflation)	7.50%	7.50%
Postretirement cost of living increases	None	None

Changes in Actuarial Assumptions

There were no changes in actuarial assumptions since the last actuarial valuation.

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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, 2019 valuation were based on actual experience study for the period January 1, 2017 through December 31, 2018.

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 regard to the allocation of invested assets is established and may be amended by the investment 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, 2020 are summarized in the following table for both pension plans:

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

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.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Sensitivity of the Net Pension (Asset) Liability to Changes to the Discount Rate

The following presents the net pension (asset) liability of the plans, calculated using the discount rate of 7.50%, as well as what the Borough's net pension (asset) 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:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Non-Uniform Net Pension Liability	\$ (67,122)	\$ (1,462,693)	\$ (2,652,838)
Police Officers' Net Pension Liability	(320,729)	(2,407,220)	(4,163,157)

Payables to the Pension Plan

As of December 31, 2020, the Borough had no payables to the pension plan.

Financial Statements

The following provides detailed financial statements as of and for the year ended December 31, 2020 for the individual pension plans maintained by the Borough:

Combining Statement of Fiduciary Net Position

	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 501,262	\$ 330,287	\$ 831,549
Accrued interest receivable	6	5	11
Fixed income mutual funds	6,937,184	4,824,782	11,761,966
Mutual funds - open end	13,231,226	9,173,525	22,404,751
Total assets	<u>\$ 20,669,678</u>	<u>\$ 14,328,599</u>	<u>\$ 34,998,277</u>
NET POSITION			
Net position restricted for pensions	<u>20,669,678</u>	<u>14,328,599</u>	<u>34,998,277</u>
Total net position	<u>\$ 20,669,678</u>	<u>\$ 14,328,599</u>	<u>\$ 34,998,277</u>

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Financial Statements (Continued)

Combining Statement of Changes in Fiduciary Net Position

	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 403,690	\$ 282,811	\$ 686,501
Plan members	165,718	57,395	223,113
Total contributions	569,408	340,206	909,614
Investment earnings			
Net change in fair value of investments	2,603,089	1,808,258	4,411,347
Interest and dividends	375,925	258,674	634,599
Investment activity expense	(48,919)	(33,596)	(82,515)
Total net investment earnings	2,930,095	2,033,336	4,963,431
Total net additions	3,499,503	2,373,542	5,873,045
DEDUCTIONS			
Benefits	1,012,879	455,500	1,468,379
Administrative	27,688	27,677	55,365
Total deductions	1,040,567	483,177	1,523,744
Change in net position	2,458,936	1,890,365	4,349,301
Net position - beginning	18,210,742	12,438,234	30,648,976
Net position - ending	<u>\$ 20,669,678</u>	<u>\$ 14,328,599</u>	<u>\$ 34,998,277</u>

NOTE 8 DEFINED CONTRIBUTION PENSION PLANS

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) for select employees. 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 2020 were \$ 34,151.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 9 POSTEMPLOYMENT HEALTHCARE PLAN

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.

No assets are accumulated in a trust that meets the criteria of GASB standards.

Plan Membership

Membership of each plan consisted of the following at January 1, 2020, the date of the latest actuarial valuation:

Active participants	8
Vested former participants	8
Retired participants	<u>11</u>
Total	<u>27</u>

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

The total OPEB liability was measured as of January 1, 2020 and was based on an actuarial valuation as of January 1, 2020. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At December 31, 2020, the Borough reported a total OPEB liability of \$ 1,559,514.

For the year ended December 31, 2020, the Borough recognized OPEB expense of \$ 200,941.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 9 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Changes in the Total OPEB Liability

	Liability
Beginning Balance	\$ 1,407,120
Changes for the year:	
Service cost	21,545
Interest	50,543
Differences between expected and actual experience	107,495
Changes in assumptions	46,884
Benefit payments	<u>(74,073)</u>
Net changes	<u>152,394</u>
Ending Balance	<u><u>\$ 1,559,514</u></u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefit payments/contributions subsequent to the measurement date	<u>\$ 78,490</u>	<u>\$ -</u>

The amount of \$ 78,490 is reported as deferred outflows of resources related to OPEB resulting from Borough contributions/benefit payments subsequent to the measurement date and will be recognized as a reduction in the total OPEB liability in the year ended December 31, 2021.

NOTE 9 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Cost Method:	Entry age normal
Investment Rate of Return:	3.26%
Salary Increases:	An assumption for salary increase is used for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are assumed to be 5.00%
Mortality:	The actuarial valuation utilizes the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants are projected 7 years and rates for non-annuitants are projected 15 years using Scale AA to reflect mortality improvement.
Percentage of Eligible Employees Electing Coverage in Plan:	50.00% of eligible employees are assumed to elect coverage.
Health Care Cost Trend Rate:	5.50% in 2019 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Per Capita Claims Cost:	The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows: Age 45-49, \$ 7,782 for males and \$ 11,238 for females; 50-54, \$ 10,306 for males and \$ 12,701 for females; 55-59, \$ 12,552 for males and \$ 13,290 for females; 60-64, \$ 16,380 for males and \$ 15,267 for females; 65+, \$ 4,143 for males and \$ 4,143 for females.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.26%. The Plan is not funded, therefore, the S&P 20-year municipal bond rate of 3.26% as of January 1, 2020 is the applicable discount rate.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 9 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total liability of the Borough, as well as what the Borough's liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Total OPEB liability	\$ 1,676,579	\$ 1,559,514	\$ 1,454,894

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Borough, as well as what the plan's total OPEB liability would be if it were calculated using the healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rates.

	1% Decrease (4.5% decreasing to 3.0%)	Healthcare Cost Trend Rate (5.5% decreasing to 4.0%)	1% Increase (6.5% decreasing to 5.0%)
Total OPEB liability	\$ 1,449,305	\$ 1,559,514	\$ 1,681,194

Payables to the OPEB Plan

As of December 31, 2020, the Borough had no amounts payable to the Plan.

NOTE 10 RISK MANAGEMENT

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 total

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 10 RISK MANAGEMENT (CONTINUED)

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 2020 were \$ 2,232,059. During 2020, the Borough did not receive a refund from PMHIC 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 Fund	Capital Projects Fund	Highway Aid Fund	Asset Forfeiture Fund	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Inventories	\$ 84,842	\$ -	\$ -	\$ -	\$ 84,842
Prepaid items	138,156	-	-	-	138,156
Long term receivables	200,000	-	-	-	200,000
	<u>422,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,998</u>
Restricted for:					
LLEBG grant	3,087	-	-	-	3,087
300th Celebration	882	-	-	-	882
Fireworks	1,569	-	-	-	1,569
Future capital projects	-	1,159,094	-	-	1,159,094
Letort Park project	13,637	-	-	-	13,637
Highway department	-	-	1,286,004	-	1,286,004
Asset Forfeiture/future police	-	-	-	28,147	28,147
	<u>19,175</u>	<u>1,159,094</u>	<u>1,286,004</u>	<u>28,147</u>	<u>2,492,420</u>
Committed for:					
Recreation	98,344	-	-	-	98,344
Other post-employment benefit plan	500,000	-	-	-	500,000
	<u>598,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>598,344</u>
Assigned for:					
Comprehensive plan	43,550	-	-	-	43,550
Subsequent year budget deficit	630,113	-	-	-	630,113
Future employee benefit expenditures	360,663	-	-	-	360,663
	<u>1,034,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,034,326</u>
Unassigned fund balance	<u>7,783,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,783,269</u>
Total fund balances	<u>\$ 9,858,112</u>	<u>\$ 1,159,094</u>	<u>\$ 1,286,004</u>	<u>\$ 28,147</u>	<u>\$ 12,331,357</u>

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 12 LEASE INCOME

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:

2021	\$	173,050
2022		179,198
2023		185,097
2024		72,652
2025		48,507
	\$	<u>658,504</u>

Rental income for the year ended December 31, 2020 was \$ 169,876.

NOTE 13 LOANS RECEIVABLE

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.

NOTE 14 COMMITMENTS

The Borough has the following significant commitments for open projects at December 31, 2020, which excludes any completed projects that have not yet been placed in service and still considered construction in progress:

	Commitment	Costs Incurred as of 12/31/20
Sewer system rehabilitation program	\$ 1,029,620	\$ 647,248
Urban redevelopment plan	8,145,894	5,932,134

BOROUGH OF CARLISLE

Notes to Financial Statements

NOTE 15 CONTINGENCIES

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.

NOTE 16 TAX INCREMENT FINANCING AGREEMENT – CARLISLE AUTO INDUSTRIES, INC.

On October 25, 2017, the Borough entered a Tax Increment Financing (TIF) Agreement with the County of Cumberland, Carlisle Area School District, and collectively with the Cumberland County Industrial Development Authority and Carlisle Auto Industries, Inc. for twenty years expiring July 15, 2037.

Under the authority of the Pennsylvania Tax Increment Financing Act, the local taxing body (the Borough) is to rebate a portion of the tax collection to the Cumberland County Industrial Development Authority to undertake infrastructure improvements to provide substantial additional commercial and residential opportunities in the downtown Carlisle area. Proceeds from the TIF may be used for a variety of public improvements including transportation infrastructure, sewer and water infrastructure, and electric and other infrastructure related improvements as necessary. The TIF is being used as a strategy to enhance the density and quality of development at the Carlisle Auto Industries, Inc. site.

Full aggregate assessed value of all taxable real property located within the TIF district as of the effective date of creation is \$ 1,197,200. Since inception, the taxable assessed value of the TIF District has increased to \$ 12,023,000 (an increase of \$ 10,825,800).

The Borough has allocated one hundred percent (100%) of the incremental increase in revenue above the base assessment on the real estate taxes assessed on the TIF district properties for each year within the agreement.

While the improvements to the TIF district have not yet been completed, the district is planned to include retail space, a hotel, townhomes, mid-rise apartments, an office building, restaurants, and parking.

Annually, the developers will pay assessed property taxes on all taxable properties within the TIF District with pledged amounts contributed by the Borough and other TIF parties deposited into the TIF Escrow Fund held by the Cumberland County Industrial Development Authority, to be used in payment or trust for Obligations associated with project expenses.

BOROUGH OF CARLISLE
Notes to Financial Statements

NOTE 16 TAX INCREMENT FINANCING AGREEMENT – CARLISLE AUTO INDUSTRIES, INC. (CONTINUED)

The debt related to the TIF project was issued by Cumberland County Industrial Development Authority in the amount of \$ 7,930,000 in the form of a limited guaranteed revenue note, Series of 2017. The note matures annually through July 15, 2037 with semi-annual interest payments. The Borough has agreed to guarantee the first five years of debt service for this note under laws of the Commonwealth of Pennsylvania. In the unlikely event of default by the issuer, the maximum amount of the Borough's guarantee would be \$ 1,335,232.

Initial project costs of \$ 1,882,539 have been reimbursed through the debt noted above. Total expense incurred related to this project at December 31, 2020 is \$ 5,505,898. The Borough issued the 2018 GO Note to temporarily finance the expenses that have not yet been reimbursed. The Borough refinanced the 2018 GO Note in 2021 due to the delay in issuing additional TIF Project related debt. The project will continue to be evaluated to determine if and when the Cumberland County Industrial Development Authority will have the ability to issue additional TIF project related debt to reimburse the Borough for its expenses. Project expenses are also being funded with a combination of federal and commonwealth grants as well as through the use of Borough funds.

NOTE 17 RISKS AND UNCERTAINTIES

The COVID-19 outbreak in the United States and around the world has caused business disruption through mandated and voluntary closings of many business throughout our community. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and extent of the economic impact. Therefore, it is reasonable to expect that some of the Borough's revenue sources derived from various tax revenues and the ability of the customers to pay for services provided could be impacted.

NOTE 18 SUBSEQUENT EVENT

On July 16, 2021, the Borough issued General Obligation Bonds, Series of 2021 in the amount of \$ 22,435,000 for the purpose of paying for new projects, currently refunding the Borough's General Obligation Note, Series of 2015, General Obligation Note, Series of 2016, and General Obligation Note, Series of 2018, and to pay for the cost of issuance for the Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

BOROUGH OF CARLISLE

Pension Plans

Unaudited Schedule of Changes in the Borough's Net Pension Liability (Asset) and Related Ratios

	Non-Uniform							Police						
	2020	2019	2018	2017	2016	2015	2014	2020	2019	2018	2017	2016	2015	2014
Total pension liability														
Service cost	\$ 236,478	\$ 226,295	\$ 202,066	\$ 193,365	\$ 221,719	\$ 212,171	\$ 245,209	\$ 450,394	\$ 428,947	\$ 407,860	\$ 388,438	\$ 417,934	\$ 396,146	\$ 320,436
Interest	913,512	864,390	829,890	782,728	747,909	700,526	648,774	1,309,457	1,257,693	1,264,179	1,214,652	1,153,982	1,104,822	1,055,036
Differences in expected and actual experience	-	(185,048)	-	(281,563)	-	36,620	-	-	(779,367)	-	457,135	-	8,417	-
Changes in benefit terms	-	-	-	-	-	58,558	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	122,786	-	-	-	-	-	-	(257,263)	-	-	-
Benefit payments, including refunds of member contributions	(455,500)	(436,360)	(385,893)	(326,055)	(310,433)	(270,515)	(261,668)	(1,012,879)	(1,022,894)	(977,594)	(946,702)	(920,018)	(814,561)	(777,007)
Net change in total pension liability	694,490	469,277	646,063	491,261	659,195	737,360	632,315	746,972	(115,621)	694,445	856,260	651,898	694,824	598,465
Total pension liability - beginning	12,171,416	11,702,139	11,056,076	10,564,815	9,905,620	9,168,260	8,535,945	17,515,486	17,631,107	16,936,662	16,080,402	15,428,504	14,733,680	14,135,215
Total pension liability - ending	12,865,906	12,171,416	11,702,139	11,056,076	10,564,815	9,905,620	9,168,260	18,262,458	17,515,486	17,631,107	16,936,662	16,080,402	15,428,504	14,733,680
Plan fiduciary net position														
Contributions - employer	282,811	254,721	259,111	215,584	236,956	252,045	257,595	403,690	448,037	392,019	364,883	366,745	375,632	364,683
Contributions - employee	57,395	53,994	57,156	57,910	60,567	63,430	64,246	165,718	127,006	159,228	131,528	123,465	156,131	143,458
Net investment income	2,018,734	2,074,659	(625,633)	1,471,724	561,253	50,483	428,727	2,909,332	3,061,210	(926,458)	2,248,707	877,246	88,359	703,663
Benefit payments, including refunds of member contributions	(455,500)	(436,360)	(385,893)	(326,055)	(310,433)	(270,515)	(261,668)	(1,012,879)	(1,022,894)	(977,594)	(946,702)	(920,018)	(814,561)	(777,007)
Administrative expenses	(13,075)	(10,750)	(13,625)	(2,650)	(12,265)	(8,250)	(6,750)	(6,925)	(9,225)	(12,300)	-	(15,925)	(10,425)	(6,825)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,890,365	1,936,264	(708,884)	1,416,513	536,078	87,193	482,150	2,458,936	2,604,134	(1,365,105)	1,798,416	431,513	(204,864)	427,972
Plan fiduciary net position - beginning	12,438,234	10,501,970	11,210,854	9,794,341	9,258,263	9,171,070	8,688,920	18,210,742	15,606,608	16,971,713	15,173,297	14,741,784	14,946,648	14,518,676
Plan fiduciary net position - ending	\$ 14,328,599	\$ 12,438,234	\$ 10,501,970	\$ 11,210,854	\$ 9,794,341	\$ 9,258,263	\$ 9,171,070	\$ 20,669,678	\$ 18,210,742	\$ 15,606,608	\$ 16,971,713	\$ 15,173,297	\$ 14,741,784	\$ 14,946,648
Borough's net pension liability (asset)	\$ (1,462,693)	\$ (266,818)	\$ 1,200,169	\$ (154,778)	\$ 770,474	\$ 647,357	\$ (2,810)	\$ (2,407,220)	\$ (695,256)	\$ 2,024,499	\$ (35,051)	\$ 907,105	\$ 686,720	\$ (212,968)
Plan fiduciary net position as a percentage of the total pension liability	111.37%	102.19%	89.74%	101.40%	92.71%	93.46%	100.03%	113.18%	103.97%	88.52%	100.21%	94.36%	95.55%	101.45%
Covered payroll	\$ 3,602,427	\$ 3,849,872	\$ 3,991,042	\$ 3,811,473	\$ 3,761,742	\$ 3,523,157	\$ 3,946,610	\$ 2,867,259	\$ 2,781,827	\$ 2,665,022	\$ 2,690,098	\$ 2,314,077	\$ 2,456,952	\$ 2,388,137
Net pension liability (asset) as a percentage of covered payroll	(40.60%)	(6.93%)	30.07%	(4.06%)	20.48%	18.37%	(0.07%)	(83.96%)	(24.99%)	75.97%	(1.30%)	39.20%	27.95%	(8.92%)

NOTE

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

Non-Uniform

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 268,742	\$ 226,455	\$ 210,859	\$ 190,889	\$ 213,605	\$ 252,045	\$ 257,490	\$ 263,093	\$ 328,646	\$ 291,611
Contributions in relation to the actuarially determined contribution	282,811	254,721	259,111	215,584	236,956	252,045	257,595	263,093	328,646	314,327
Contribution deficiency (excess)	<u>\$ (14,069)</u>	<u>\$ (28,266)</u>	<u>\$ (48,252)</u>	<u>\$ (24,695)</u>	<u>\$ (23,351)</u>	<u>\$ -</u>	<u>\$ (105)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,716)</u>
Covered payroll	\$ 3,602,427	\$ 3,849,872	\$ 3,991,042	\$ 3,811,473	\$ 3,761,742	\$ 3,523,157	\$ 3,946,610	\$ 3,820,912	\$ 3,867,737	\$ 3,862,585
Contributions as a percentage of covered payroll	7.85%	6.62%	6.49%	5.66%	6.30%	7.15%	6.53%	6.89%	8.50%	8.14%

Police

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 373,775	\$ 398,320	\$ 307,231	\$ 323,086	\$ 330,063	\$ 375,632	\$ 363,969	\$ 402,029	\$ 399,045	\$ 509,211
Contributions in relation to the actuarially determined contribution	403,690	448,037	392,019	364,883	366,745	375,632	364,683	402,029	399,045	509,212
Contribution deficiency (excess)	<u>\$ (29,915)</u>	<u>\$ (49,717)</u>	<u>\$ (84,788)</u>	<u>\$ (41,797)</u>	<u>\$ (36,682)</u>	<u>\$ -</u>	<u>\$ (714)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>
Covered payroll	\$ 2,867,259	\$ 2,781,827	\$ 2,665,022	\$ 2,690,098	\$ 2,314,077	\$ 2,456,952	\$ 2,388,137	\$ 2,268,154	\$ 2,169,400	\$ 2,422,422
Contributions as a percentage of covered payroll	14.08%	16.11%	14.71%	13.56%	15.85%	15.29%	15.27%	17.72%	18.39%	21.02%

NOTES TO SCHEDULE

Valuation date:

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

Methods and assumptions used to determine contribution rates, including changes in actuarial assumptions:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Amortization period	Non-Uniform - 5 years
	Police - 10 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value
Inflation	3.0%
Salary increases	Non-Uniform - 4.5%
	Police - 5.0%
Investment rate of return	7.5%
Retirement age	Normal retirement age
Mortality	IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-projected 15 years using Scale AA to reflect mortality improvements.

BOROUGH OF CARLISLE
Pension Plans
Unaudited Schedule of Investment Returns

	Non-Uniform							Police						
	2020	2019	2018	2017	2016	2015	2014	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	16.74%	19.89%	-5.23%	15.65%	5.99%	0.46%	5.45%	16.75%	19.91%	-5.16%	15.67%	5.99%	0.53%	5.42%

NOTE
 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)
Schedule of Changes in the Borough's Total OPEB Liability and Related Ratios

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 21,545	\$ 22,303	\$ 19,401
Interest	50,543	45,782	51,742
Differences between expected and actual experience	107,495	-	-
Changes in assumptions	46,884	(51,052)	57,484
Benefit payments	<u>(74,073)</u>	<u>(79,448)</u>	<u>(74,951)</u>
Net change in total OPEB liability	152,394	(62,415)	53,676
Total OPEB liability - beginning	<u>1,407,120</u>	<u>1,469,535</u>	<u>1,415,859</u>
Total OPEB liability - ending	<u><u>\$ 1,559,514</u></u>	<u><u>\$ 1,407,120</u></u>	<u><u>\$ 1,469,535</u></u>
Covered payroll	\$ 838,427	\$ 948,429	\$ 906,549
Total OPEB liability as a percentage of covered payroll	186.00%	148.36%	162.10%

NOTE

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

BOROUGH OF CARLISLE
Budgetary Comparison Schedule - General Fund
Unaudited Required Supplementary Information
Year Ended December 31, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 8,330,881	\$ 8,330,881	\$ 8,459,799	\$ 128,918
Licenses and permits	650,350	650,350	447,615	(202,735)
Fees and fines	108,500	108,500	84,150	(24,350)
Investment earnings	97,500	97,500	76,069	(21,431)
Rents	67,300	67,300	63,102	(4,198)
Intergovernmental	836,857	836,857	1,010,299	173,442
Charges for services	322,155	322,155	73,246	(248,909)
Contributions and miscellaneous	284,533	284,533	262,653	(21,880)
Proceeds from refunds/reimbursements	200,000	200,000	210,477	10,477
Total revenues	<u>10,898,076</u>	<u>10,898,076</u>	<u>10,687,410</u>	<u>(210,666)</u>
EXPENDITURES				
General government				
Borough council	164,707	164,707	31,042	133,665
Borough manager	439,936	439,936	107,237	332,699
Finance department	503,478	503,478	134,163	369,315
Tax collection	124,249	124,249	128,492	(4,243)
Personnel administration	129,640	129,640	49,347	80,293
Data processing	262,225	262,225	65,832	196,393
Legal services	135,000	135,000	28,338	106,662
Insurance premiums	320,340	320,340	261,211	59,129
Employee benefits (unallocated)	711,057	711,057	580,148	130,909
Buildings and plants	79,025	79,025	2,633	76,392
Public safety				
Police department	4,516,690	4,516,690	4,254,963	261,727
Fire department	1,096,655	1,096,655	1,105,632	(8,977)
Codes department	480,933	480,933	386,727	94,206
Public works				
Stormwater	34,864	34,864	28,267	6,597
Highways	1,372,327	1,372,327	917,137	455,190
Engineering	464,059	464,059	118,784	345,275
Parks and recreation	1,040,421	1,040,421	747,442	292,979
Conservation and community development	116,143	116,143	80,123	36,020
Debt service				
Principal	500,390	500,390	500,390	-
Interest and fiscal charges	168,314	168,314	168,314	-
Total expenditures	<u>12,660,453</u>	<u>12,660,453</u>	<u>9,696,222</u>	<u>2,964,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,762,377)</u>	<u>(1,762,377)</u>	<u>991,188</u>	<u>2,753,565</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	15,000	15,000	14,451	(549)
Transfers in	1,857,728	1,857,728	185,277	(1,672,451)
Transfers out	(691,371)	(691,371)	(691,371)	-
Total other financing sources and uses	<u>1,181,357</u>	<u>1,181,357</u>	<u>(491,643)</u>	<u>(1,673,000)</u>
Net change in fund balances	<u>\$ (581,020)</u>	<u>\$ (581,020)</u>	<u>\$ 499,545</u>	<u>\$ 1,080,565</u>

BOROUGH OF CARLISLE
Notes to Budgetary Comparison Schedule
Year Ended December 31, 2020

NOTE 1 BUDGETARY INFORMATION

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
Governmental Funds
December 31, 2020

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 -- This fund is 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.

Capital Projects Fund -- This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

BOROUGH OF CARLISLE
Combining Balance Sheet
Other Governmental Funds
December 31, 2020

	Special Revenue Funds			Total Other Governmental Funds
	Highway Aid Fund	Community Development Block Grant	Asset Forfeiture	
ASSETS				
Cash and cash equivalents	\$ 1,286,004	\$ -	\$ 28,147	\$ 1,314,151
Other receivables	-	39,415	-	39,415
Total assets	<u>\$ 1,286,004</u>	<u>\$ 39,415</u>	<u>\$ 28,147</u>	<u>\$ 1,353,566</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to other funds	<u>\$ -</u>	<u>\$ 39,415</u>	<u>\$ -</u>	<u>\$ 39,415</u>
Total liabilities	<u>-</u>	<u>39,415</u>	<u>-</u>	<u>39,415</u>
Fund balances				
Restricted fund balance	<u>1,286,004</u>	<u>-</u>	<u>28,147</u>	<u>1,314,151</u>
Total fund balances	<u>1,286,004</u>	<u>-</u>	<u>28,147</u>	<u>1,314,151</u>
Total liabilities and fund balances	<u>\$ 1,286,004</u>	<u>\$ 39,415</u>	<u>\$ 28,147</u>	<u>\$ 1,353,566</u>

BOROUGH OF CARLISLE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
Year Ended December 31, 2020

	Highway Aid Fund	Community Development Block Grant	Asset Forfeiture	Total Other Governmental Funds
REVENUES				
Investment earnings	\$ 10,374	\$ -	\$ 164	\$ 10,538
Intergovernmental	551,458	576,436	-	1,127,894
Total revenues	561,832	576,436	164	1,138,432
EXPENDITURES				
Public works				
Highways	665,720	-	-	665,720
Conservation and community development	-	391,159	-	391,159
Total expenditures	665,720	391,159	-	1,056,879
Excess (deficiency) of revenues over (under) expenditures	(103,888)	185,277	164	81,553
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(185,277)	-	(185,277)
Total other financing sources and uses	-	(185,277)	-	(185,277)
Net change in fund balances	(103,888)	-	164	(103,724)
Fund balances - beginning	1,389,892	-	27,983	1,417,875
Fund balances - ending	<u>\$ 1,286,004</u>	<u>\$ -</u>	<u>\$ 28,147</u>	<u>\$ 1,314,151</u>

BOROUGH OF CARLISLE
Budgetary Comparison Schedule
Other Special Revenue Fund - Highway Aid
Year Ended December 31, 2020

	Original/Final Budget	Actual Budgetary/GAAP Basis	Variance
Revenue			
Investment income	\$ 11,000	\$ 10,374	\$ (626)
Intergovernmental	<u>540,428</u>	<u>551,458</u>	<u>11,030</u>
Total revenue	<u>551,428</u>	<u>561,832</u>	<u>10,404</u>
Expenditures			
Highways	<u>650,000</u>	<u>665,720</u>	<u>(15,720)</u>
Total expenditures	<u>650,000</u>	<u>665,720</u>	<u>(15,720)</u>
Excess of revenue over (under) expenditures	<u>(98,572)</u>	<u>(103,888)</u>	<u>(5,316)</u>
Net change in fund balance	<u>\$ (98,572)</u>	<u>\$ (103,888)</u>	<u>\$ (5,316)</u>

BOROUGH OF CARLISLE
Budgetary Comparison Schedule
Other Special Revenue Fund - Asset Forfeiture
Year Ended December 31, 2020

	Budget		Actual	Variance with
	Original	Final	Budgetary/GAAP	Final Budget
			Basis	
Revenue				
Investment income	\$ -	\$ -	\$ 164	\$ 164
Total revenue	-	-	164	164
Expenditures				
Police department	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	164	164
Net change in fund balance	\$ -	\$ -	\$ 164	\$ 164

BOROUGH OF CARLISLE
Budgetary Comparison Schedule – Capital Projects Fund
Year Ended December 31, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment earnings	\$ 10,000	\$ 10,000	\$ 7,497	(\$ 2,503)
Intergovernmental	5,133,343	5,133,343	936,347	(4,196,996)
Proceeds from refunds/reimbursements	-	-	-	-
Total revenues	<u>5,143,343</u>	<u>5,143,343</u>	<u>943,844</u>	<u>(4,199,499)</u>
EXPENDITURES				
General government				
Buildings and plants	195,750	204,250	92,258	111,992
Public safety				
Police department	148,700	148,700	112,929	35,771
Fire department	9,500	9,500	-	9,500
Codes department	5,171,343	5,171,343	1,185,831	3,985,512
Public works				
Highways	433,500	577,500	261,504	315,996
Parks and recreation	196,051	270,051	54,385	215,666
Conservation and community development	8,100	8,100	-	8,100
Debt service				
Principal	157,266	157,266	104,531	52,735
Interest and fiscal charges	122,355	122,355	135,000	(12,645)
Total expenditures	<u>6,442,565</u>	<u>6,669,065</u>	<u>1,946,438</u>	<u>4,722,627</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,299,222)</u>	<u>(1,525,722)</u>	<u>(1,002,594)</u>	<u>523,128</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	207,891	207,891
Transfers in	716,371	716,371	691,371	(25,000)
Transfers out	(50,000)	(50,000)	(73,124)	(23,124)
Total other financing sources and uses	<u>666,371</u>	<u>666,371</u>	<u>826,138</u>	<u>159,767</u>
Net change in fund balances	<u>\$ (632,851)</u>	<u>\$ (859,351)</u>	<u>\$ (176,456)</u>	<u>\$ 682,895</u>

BOROUGH OF CARLISLE
Pension Trust Funds
December 31, 2020

Pension Trust Funds are used to account for assets held by the Borough in a trustee capacity for future pension benefits.

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.

BOROUGH OF CARLISLE
Combining Statement of Fiduciary Net Position - Pension Trust Funds
December 31, 2020

	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 501,262	\$ 330,287	\$ 831,549
Accrued interest receivable	6	5	11
Fixed income mutual funds	6,937,184	4,824,782	11,761,966
Mutual funds - open end	13,231,226	9,173,525	22,404,751
Total assets	<u>\$ 20,669,678</u>	<u>\$ 14,328,599</u>	<u>\$ 34,998,277</u>
NET POSITION			
Net position restricted for pensions	<u>20,669,678</u>	<u>14,328,599</u>	<u>34,998,277</u>
Total net position	<u>\$ 20,669,678</u>	<u>\$ 14,328,599</u>	<u>\$ 34,998,277</u>

BOROUGH OF CARLISLE**Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds**
Year Ended December 31, 2020

	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 403,690	\$ 282,811	\$ 686,501
Plan members	165,718	57,395	223,113
Total contributions	<u>569,408</u>	<u>340,206</u>	<u>909,614</u>
Investment earnings			
Net appreciation (depreciation)			
in fair value of investments	2,603,089	1,808,258	4,411,347
Interest and dividends	375,925	258,674	634,599
Investment activity expense	(48,919)	(33,596)	(82,515)
Total net investment earnings	<u>2,930,095</u>	<u>2,033,336</u>	<u>4,963,431</u>
Total net additions (depreciation)	<u>3,499,503</u>	<u>2,373,542</u>	<u>5,873,045</u>
DEDUCTIONS			
Benefits	1,012,879	455,500	1,468,379
Administrative	27,688	27,677	55,365
Total deductions	<u>1,040,567</u>	<u>483,177</u>	<u>1,523,744</u>
Change in net position	2,458,936	1,890,365	4,349,301
Net position - beginning	<u>18,210,742</u>	<u>12,438,234</u>	<u>30,648,976</u>
Net position - ending	<u>\$ 20,669,678</u>	<u>\$ 14,328,599</u>	<u>\$ 34,998,277</u>

BOROUGH OF CARLISLE

Future Debt Service Requirements

December 31, 2020

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

Fiscal Year	Governmental Activities						Total Governmental Activities			
	2016 GO Note		2017A GO Bonds		2017B GO Bonds		2018 GO Note		TOTAL	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	41,845	5,275	109,307	61,218	527,718	144,389	-	75,106	678,870	285,988
2022	43,166	4,538	114,082	55,752	550,296	118,003	2,290,106	77,569	2,997,650	255,862
2023	43,518	3,778	118,858	50,048	580,413	90,488	-	-	742,789	144,314
2024	55,764	3,013	128,141	44,105	381,673	61,468	-	-	565,578	108,586
2025	57,085	2,031	132,917	37,698	375,192	42,384	-	-	565,194	82,113
2026	58,315	1,025	137,962	31,052	311,259	27,376	-	-	507,536	59,453
2027	-	-	142,468	28,293	200,928	14,926	-	-	343,396	43,219
2028	-	-	142,738	25,266	125,580	6,889	-	-	268,318	32,155
2029	-	-	147,514	22,054	46,645	1,866	-	-	194,159	23,920
2030	-	-	152,020	18,551	-	-	-	-	152,020	18,551
2031	-	-	156,796	14,750	-	-	-	-	156,796	14,750
2032	-	-	157,065	10,830	-	-	-	-	157,065	10,830
2033	-	-	17,781	6,118	-	-	-	-	17,781	6,118
2034	-	-	18,320	5,585	-	-	-	-	18,320	5,585
2035	-	-	18,858	5,035	-	-	-	-	18,858	5,035
2036	-	-	19,397	4,469	-	-	-	-	19,397	4,469
2037	-	-	19,936	3,888	-	-	-	-	19,936	3,888
2038	-	-	20,744	3,289	-	-	-	-	20,744	3,289
2039	-	-	21,283	2,667	-	-	-	-	21,283	2,667
2040	-	-	21,822	2,029	-	-	-	-	21,822	2,029
2041	-	-	22,630	1,374	-	-	-	-	22,630	1,374
2042	-	-	23,168	695	-	-	-	-	23,168	695
	<u>\$ 299,693</u>	<u>\$ 19,660</u>	<u>\$ 1,843,807</u>	<u>\$ 434,766</u>	<u>\$ 3,099,704</u>	<u>\$ 507,789</u>	<u>\$ 2,290,106</u>	<u>\$ 152,675</u>	<u>\$ 7,533,310</u>	<u>\$ 1,114,890</u>

Fiscal Year	Water Fund						Total Water Fund	
	2016 GO Note		2017A GO Bonds		2017B GO Bonds		TOTAL	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	100,198	12,630	100,343	102,371	494,783	188,619	695,324	303,620
2022	103,362	10,867	104,898	97,354	517,420	163,880	725,680	272,101
2023	104,206	9,048	109,453	92,109	546,378	138,009	760,037	239,166
2024	133,527	7,214	116,306	86,636	640,649	110,690	890,482	204,540
2025	136,691	4,864	120,856	80,821	649,506	78,658	907,053	164,343
2026	139,645	2,457	127,704	74,778	598,922	52,678	866,271	129,913
2027	-	-	129,982	72,224	386,624	28,721	516,606	100,945
2028	-	-	132,258	69,462	241,640	13,256	373,898	82,718
2029	-	-	136,833	66,486	89,751	3,590	226,584	70,076
2030	-	-	139,105	63,236	-	-	139,105	63,236
2031	-	-	143,676	59,759	-	-	143,676	59,759
2032	-	-	145,944	56,167	-	-	145,944	56,167
2033	-	-	150,507	51,788	-	-	150,507	51,788
2034	-	-	155,068	47,273	-	-	155,068	47,273
2035	-	-	159,628	42,621	-	-	159,628	42,621
2036	-	-	164,187	37,832	-	-	164,187	37,832
2037	-	-	168,744	32,907	-	-	168,744	32,907
2038	-	-	175,602	27,844	-	-	175,602	27,844
2039	-	-	180,156	22,576	-	-	180,156	22,576
2040	-	-	184,709	17,172	-	-	184,709	17,172
2041	-	-	191,563	11,630	-	-	191,563	11,630
2042	-	-	196,113	5,883	-	-	196,113	5,883
	<u>\$ 717,629</u>	<u>\$ 47,080</u>	<u>\$ 3,233,635</u>	<u>\$1,218,929</u>	<u>\$ 4,165,673</u>	<u>\$ 778,101</u>	<u>\$ 8,116,937</u>	<u>\$ 2,044,110</u>

Fiscal Year	Sewer Fund						Total Sewer Fund			
	2015 GO Note		2016 GO Note		2017A GO Bond		2017B GO Bond		TOTAL	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	1,000	122,890	327,268	41,253	106,871	109,036	391,896	186,790	827,035	459,969
2022	1,000	122,865	337,603	35,493	111,729	103,692	423,296	167,195	873,628	429,245
2023	1,000	122,840	340,359	29,551	116,586	98,106	448,159	146,030	906,104	396,527
2024	1,000	122,816	436,128	23,561	123,873	92,276	526,079	123,622	1,087,080	362,275
2025	1,000	161,222	446,463	15,885	128,731	86,083	619,302	97,318	1,195,496	360,508
2026	1,000	199,620	456,110	8,029	136,017	79,646	824,819	72,546	1,417,946	359,841
2027	470,000	190,200	-	-	138,446	76,926	532,448	39,553	1,140,894	306,679
2028	489,000	171,020	-	-	140,875	73,984	332,780	18,255	962,655	263,259
2029	509,000	151,060	-	-	145,733	70,814	123,604	4,944	778,337	226,818
2030	530,000	130,280	-	-	148,162	67,353	-	-	678,162	197,633
2031	552,000	108,640	-	-	153,020	63,649	-	-	705,020	172,289
2032	574,000	86,120	-	-	155,448	59,823	-	-	729,448	145,943
2033	597,000	62,700	-	-	160,306	55,160	-	-	757,306	117,860
2034	622,000	38,320	-	-	165,164	50,351	-	-	787,164	88,671
2035	647,000	12,940	-	-	170,022	45,396	-	-	817,022	58,336
2036	-	-	-	-	174,879	40,295	-	-	174,879	40,295
2037	-	-	-	-	179,737	35,049	-	-	179,737	35,049
2038	-	-	-	-	187,024	29,657	-	-	187,024	29,657
2039	-	-	-	-	191,882	24,046	-	-	191,882	24,046
2040	-	-	-	-	196,739	18,289	-	-	196,739	18,289
2041	-	-	-	-	204,026	12,387	-	-	204,026	12,387
2042	-	-	-	-	208,885	6,267	-	-	208,885	6,267
	<u>\$ 4,996,000</u>	<u>\$1,803,533</u>	<u>\$ 2,343,931</u>	<u>\$ 153,772</u>	<u>\$ 3,444,155</u>	<u>\$1,298,285</u>	<u>\$ 4,222,383</u>	<u>\$ 856,253</u>	<u>\$15,006,469</u>	<u>\$ 4,111,843</u>

BOROUGH OF CARLISLE
Future Debt Service Requirements (Continued)
December 31, 2020

Fiscal Year	Parking						Total Parking Fund	
	2016 GO Note		2017A GO Bond		2017B GO Bond		TOTAL	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 5,669	\$ 715	\$ 12,612	\$ 6,357	\$ 110,603	\$ 21,002	\$ 128,884	\$ 28,074
2022	5,848	615	13,160	5,727	113,988	15,472	132,996	21,814
2023	5,895	512	13,709	5,069	120,050	9,773	139,654	15,354
2024	7,554	408	14,806	4,383	46,600	3,770	68,960	8,561
2025	7,733	275	15,354	3,643	36,000	1,440	59,087	5,358
2026	7,898	139	15,902	2,875	-	-	23,800	3,014
2027	-	-	16,451	2,557	-	-	16,451	2,557
2028	-	-	16,451	2,208	-	-	16,451	2,208
2029	-	-	16,999	1,838	-	-	16,999	1,838
2030	-	-	17,547	1,434	-	-	17,547	1,434
2031	-	-	18,096	995	-	-	18,096	995
2032	-	-	18,095	543	-	-	18,095	543
	<u>\$ 40,597</u>	<u>\$ 2,664</u>	<u>\$ 189,182</u>	<u>\$ 37,629</u>	<u>\$ 427,241</u>	<u>\$ 51,457</u>	<u>\$ 657,020</u>	<u>\$ 91,750</u>

Fiscal Year	Solid Waste				Total Solid Waste Fund	
	2016 GO Note		2017A GO Bond		TOTAL	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 21	\$ 3	\$ 4,935	\$ 2,488	\$ 4,956	\$ 2,491
2022	22	2	5,150	2,241	5,172	2,243
2023	22	2	5,364	1,983	5,386	1,985
2024	27	1	5,793	1,715	5,820	1,716
2025	29	1	6,008	1,426	6,037	1,427
2026	29	1	6,223	1,125	6,252	1,126
2027	-	-	6,437	1,001	6,437	1,001
2028	-	-	6,437	864	6,437	864
2029	-	-	6,652	719	6,652	719
2030	-	-	6,866	561	6,866	561
2031	-	-	7,081	389	7,081	389
2032	-	-	7,081	212	7,081	212
	<u>\$ 150</u>	<u>\$ 10</u>	<u>\$ 74,027</u>	<u>\$ 14,724</u>	<u>\$ 74,177</u>	<u>\$ 14,734</u>

Fiscal Year	Stormwater		Total Stormwater Fund	
	2017A GO Bond		TOTAL	
	Principal	Interest	Principal	Interest
2021	\$ 934	\$ 956	\$ 934	\$ 956
2022	980	909	980	909
2023	1,029	860	1,029	860
2024	1,081	809	1,081	809
2025	1,135	755	1,135	755
2026	1,192	698	1,192	698
2027	1,215	674	1,215	674
2028	1,241	648	1,241	648
2029	1,269	620	1,269	620
2030	1,299	590	1,299	590
2031	1,332	558	1,332	558
2032	1,365	525	1,365	525
2033	1,406	484	1,406	484
2034	1,448	441	1,448	441
2035	1,492	398	1,492	398
2036	1,537	353	1,537	353
2037	1,583	307	1,583	307
2038	1,630	260	1,630	260
2039	1,679	211	1,679	211
2040	1,729	160	1,729	160
2041	1,781	108	1,781	108
2042	1,836	56	1,836	56
	<u>\$ 30,193</u>	<u>\$ 11,380</u>	<u>\$ 30,193</u>	<u>\$ 11,380</u>

BOROUGH OF CARLISLE
Schedule of Indebtedness
December 31, 2020

Type of Debt	Date of Issue	Original Amount	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Outstanding at December 31	
						2019	2020
GO Bonds (Series of 2016) (General Fund)	8/15/2016	\$ 626,521					
			1.76%	8/15/2021	41,845		
			1.76%	8/15/2022	43,166		
			1.76%	8/15/2023	43,518		
			1.76%	8/15/2024	55,764		
			1.76%	8/15/2025	57,085		
			1.76%	8/15/2026	58,315		
						\$ 360,654	\$ 299,693
GO Bonds (Series of 2017A) (Capital Projects Fund)	12/8/2017	\$ 2,153,433					
			5.00%	8/15/2021	109,307		
			5.00%	8/15/2022	114,082		
			5.00%	8/15/2023	118,858		
			5.00%	8/15/2024	128,141		
			5.00%	8/15/2025	132,917		
			2.00%	8/15/2026	137,962		
			2.13%	8/15/2027	142,468		
			2.25%	8/15/2028	142,738		
			2.38%	8/15/2029	147,514		
			2.50%	8/15/2030	152,020		
			2.50%	8/15/2031	156,796		
			3.00%	8/15/2032	157,065		
			3.00%	8/15/2033	17,781		
			3.00%	8/15/2034	18,320		
			3.00%	8/15/2035	18,858		
			3.00%	8/15/2036	19,397		
			3.00%	8/15/2037	19,936		
			3.00%	8/15/2038	20,744		
			3.00%	8/15/2039	21,283		
			3.00%	8/15/2040	21,822		
			3.00%	8/15/2041	22,630		
			3.00%	8/15/2042	23,168		
						1,948,338	1,843,807
GO Bonds (Series of 2017B) (General Fund)	12/8/2017	\$ 4,054,674					
			5.00%	10/15/2021	527,718		
			5.00%	10/15/2022	550,296		
			5.00%	10/15/2023	580,413		
			5.00%	10/15/2024	381,673		
			4.00%	10/15/2025	375,192		
			4.00%	10/15/2026	311,259		
			4.00%	10/15/2027	200,928		
			4.00%	10/15/2028	125,580		
			4.00%	10/15/2029	46,645		
						3,539,133	3,099,704
GO Note (Series of 2018) (Capital Projects Fund)	12/14/2018	\$ 2,082,215					
				12/1/2022	2,290,106		
						2,082,215	2,290,106
Total Payable From Tax Revenue						\$ 7,930,340	\$ 7,533,310

BOROUGH OF CARLISLE
Schedule of Indebtedness (Continued)
December 31, 2020

Type of Debt	Date of Issue	Original Amount	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Outstanding at December 31	
						2019	2020
GO Note (Series of 2016) (Water Fund)	8/15/2016	\$ 1,500,227					
			1.76%	8/15/2021	100,198		
			1.76%	8/15/2022	103,362		
			1.76%	8/15/2023	104,206		
			1.76%	8/15/2024	133,527		
			1.76%	8/15/2025	136,691		
			1.76%	8/15/2026	139,645		
						\$ 863,602	\$ 717,629
GO Bonds (Series of 2017A) (Water Fund)	12/8/2017	\$ 3,556,145					
			5.00%	10/15/2021	100,343		
			5.00%	10/15/2022	104,898		
			5.00%	10/15/2023	109,453		
			5.00%	10/15/2024	116,306		
			5.00%	10/15/2025	120,856		
			2.00%	10/15/2026	127,704		
			2.13%	10/15/2027	129,982		
			2.25%	10/15/2028	132,258		
			2.38%	10/15/2029	136,833		
			2.50%	10/15/2030	139,105		
			2.50%	10/15/2031	143,676		
			3.00%	10/15/2032	145,944		
			3.00%	10/15/2033	150,507		
			3.00%	10/15/2034	155,068		
			3.00%	10/15/2035	159,628		
			3.00%	10/15/2036	164,187		
			3.00%	10/15/2037	168,744		
			3.00%	10/15/2038	175,602		
			3.00%	10/15/2039	180,156		
			3.00%	10/15/2040	184,709		
			3.00%	10/15/2041	191,563		
			3.00%	10/15/2042	196,113		
						3,360,500	3,233,635
GO Bonds (Series of 2017B) (Water Fund)	12/8/2017	\$ 5,154,676					
			5.00%	10/15/2021	494,783		
			5.00%	10/15/2022	517,420		
			5.00%	10/15/2023	546,378		
			5.00%	10/15/2024	640,649		
			4.00%	10/15/2025	649,506		
			4.00%	10/15/2026	598,922		
			4.00%	10/15/2027	386,624		
			4.00%	10/15/2028	241,640		
			4.00%	10/15/2029	89,751		
						4,592,848	4,165,673

BOROUGH OF CARLISLE
Schedule of Indebtedness (Continued)
December 31, 2020

Type of Debt	Date of Issue	Original Amount	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Outstanding at December 31	
						2019	2020
GO Note (Series of 2015) (Sewer Fund)	4/9/2015	\$ 5,000,000					
			2.46%	5/15/2021	1,000		
			2.46%	5/15/2022	1,000		
			2.46%	5/15/2023	1,000		
			2.46%	5/15/2024	1,000		
			2.46%	5/15/2025	1,000		
			4.00%	5/15/2026	1,000		
			4.00%	5/15/2027	470,000		
			4.00%	5/15/2028	489,000		
			4.00%	5/15/2029	509,000		
			4.00%	5/15/2030	530,000		
			4.00%	5/15/2031	552,000		
			4.00%	5/15/2032	574,000		
			4.00%	5/15/2033	597,000		
			4.00%	5/15/2034	622,000		
			4.00%	5/15/2035	647,000		
						4,997,000	4,996,000
GO Note (Series of 2016) (Sewer Fund)	8/15/2016	\$ 4,900,068					
			1.76%	8/15/2021	327,268		
			1.76%	8/15/2022	337,603		
			1.76%	8/15/2023	340,359		
			1.76%	8/15/2024	436,128		
			1.76%	8/15/2025	446,463		
			1.76%	8/15/2026	456,110		
						2,820,709	2,343,931
GO Bonds (Series of 2017A) (Sewer Fund)	12/8/2017	\$ 3,752,622					
			5.00%	10/15/2021	106,871		
			5.00%	10/15/2022	111,729		
			5.00%	10/15/2023	116,586		
			5.00%	10/15/2024	123,873		
			5.00%	10/15/2025	128,731		
			2.00%	10/15/2026	136,017		
			2.13%	10/15/2027	138,446		
			2.25%	10/15/2028	140,875		
			2.38%	10/15/2029	145,733		
			2.50%	10/15/2030	148,162		
			2.50%	10/15/2031	153,020		
			3.00%	10/15/2032	155,448		
			3.00%	10/15/2033	160,306		
			3.00%	10/15/2034	165,164		
			3.00%	10/15/2035	170,022		
			3.00%	10/15/2036	174,879		
			3.00%	10/15/2037	179,737		
			3.00%	10/15/2038	187,024		
			3.00%	10/15/2039	191,882		
			3.00%	10/15/2040	196,739		
			3.00%	10/15/2041	204,026		
			3.00%	10/15/2042	208,885		
						3,546,168	3,444,155
GO Bonds (Series of 2017B) (Sewer Fund)	12/8/2017	\$ 5,063,877					
			5.00%	10/15/2021	391,896		
			5.00%	10/15/2022	423,296		
			5.00%	10/15/2023	448,159		
			5.00%	10/15/2024	526,079		
			4.00%	10/15/2025	619,302		
			4.00%	10/15/2026	824,819		
			4.00%	10/15/2027	532,448		
			4.00%	10/15/2028	332,780		
			4.00%	10/15/2029	123,604		
						4,576,793	4,222,383

BOROUGH OF CARLISLE
Schedule of Indebtedness (Continued)
December 31, 2020

Type of Debt	Date of Issue	Original Amount	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Outstanding at December 31	
						2019	2020
GO Note (Series of 2016) (Parking Fund)	8/15/2016	\$ 84,875					
			1.76%	8/15/2021	5,669		
			1.76%	8/15/2022	5,848		
			1.76%	8/15/2023	5,895		
			1.76%	8/15/2024	7,554		
			1.76%	8/15/2025	7,733		
			1.76%	8/15/2026	7,898		
						48,855	40,597
GO Bonds (Series of 2017A) (Parking Fund)	12/8/2017	\$ 224,825					
			5.00%	10/15/2021	12,612		
			5.00%	10/15/2022	13,160		
			5.00%	10/15/2023	13,709		
			5.00%	10/15/2024	14,806		
			5.00%	10/15/2025	15,354		
			2.00%	10/15/2026	15,902		
			2.13%	10/15/2027	16,451		
			2.25%	10/15/2028	16,451		
			2.38%	10/15/2029	16,999		
			2.50%	10/15/2030	17,547		
			2.50%	10/15/2031	18,096		
			3.00%	10/15/2032	18,095		
						201,246	189,182
GO Bonds (Series of 2017B) (Parking Fund)	12/8/2017	\$ 611,773					
			5.00%	10/15/2021	110,603		
			5.00%	10/15/2022	113,988		
			5.00%	10/15/2023	120,050		
			5.00%	10/15/2024	46,600		
			4.00%	10/15/2025	36,000		
						516,226	427,241

BOROUGH OF CARLISLE
Schedule of Indebtedness (Continued)
December 31, 2020

Type of Debt	Date of Issue	Original Amount	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Outstanding at December 31	
						2019	2020
GO Note (Series of 2016) (Solid Waste Fund)	8/15/2016	\$ 311	1.76%	8/15/2021	21		
			1.76%	8/15/2022	22		
			1.76%	8/15/2023	22		
			1.76%	8/15/2024	27		
			1.76%	8/15/2025	29		
			1.76%	8/15/2026	29		
						180	150
GO Bonds (Series of 2017A) (Solid Waste Fund)	12/8/2017	\$ 87,975	5.00%	10/15/2021	4,935		
			5.00%	10/15/2022	5,150		
			5.00%	10/15/2023	5,364		
			5.00%	10/15/2024	5,793		
			5.00%	10/15/2025	6,008		
			2.00%	10/15/2026	6,223		
			2.13%	10/15/2027	6,437		
			2.25%	10/15/2028	6,437		
			2.38%	10/15/2029	6,652		
			2.50%	10/15/2030	6,866		
			2.50%	10/15/2031	7,081		
			3.00%	10/15/2032	7,081		
						78,748	74,027
GO Bonds (Series of 2017A) (Stormwater Fund)	12/8/2017	\$ -	5.00%	10/15/2021	934		
			5.00%	10/15/2022	980		
			5.00%	10/15/2023	1,029		
			5.00%	10/15/2024	1,081		
			5.00%	10/15/2025	1,135		
			2.00%	10/15/2026	1,192		
			2.13%	10/15/2027	1,215		
			2.25%	10/15/2028	1,241		
			2.38%	10/15/2029	1,269		
			2.50%	10/15/2030	1,299		
			2.50%	10/15/2031	1,332		
			3.00%	10/15/2032	1,365		
			3.00%	10/15/2033	1,406		
			3.00%	10/15/2034	1,448		
			3.00%	10/15/2035	1,492		
			3.00%	10/15/2036	1,537		
			3.00%	10/15/2037	1,583		
			3.00%	10/15/2038	1,630		
			3.00%	10/15/2039	1,679		
			3.00%	10/15/2040	1,729		
			3.00%	10/15/2041	1,781		
			3.00%	10/15/2042	1,836		
						-	30,193
Total Payable From Other Revenues						25,602,875	23,884,796
Total Principal Debt Service Requirements						<u>\$ 33,533,215</u>	<u>\$ 31,418,106</u>

STATISTICAL SECTION

BOROUGH OF CARLISLE
Statistical Section - Unaudited
December 31, 2020

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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BOROUGH OF CARLISLE
Financial Trends Information
Net Position by Component
Last Ten Fiscal Years

Schedule 1

	Fiscal Year									
	2020	2019	2018 ^(c)	2017	2016	2015 ^(b)	2014	2013	2012 ^(a)	2011
Governmental activities										
Net investment in capital assets	\$ 14,799,272	\$ 14,451,032	\$ 14,065,108	\$ 15,154,103	\$ 13,410,957	\$ 12,697,315	\$ 11,989,362	\$ 11,996,855	\$ 12,397,511	\$ 13,129,127
Restricted	2,600,104	2,807,160	2,749,193	3,775,262	2,888,319	1,905,409	1,661,790	1,280,889	1,042,114	1,066,606
Unrestricted	<u>8,118,910</u>	<u>6,446,981</u>	<u>5,458,560</u>	<u>3,370,210</u>	<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>
Total governmental activities net position	<u>\$ 25,518,286</u>	<u>\$ 23,705,173</u>	<u>\$ 22,272,861</u>	<u>\$ 22,299,575</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 22,589,169	\$ 23,163,967	\$ 19,263,605	\$ 20,167,094	\$ 19,776,395	\$ 21,331,813	\$ 22,961,322	\$ 23,674,750	\$ 25,700,468	\$ 23,989,064
Unrestricted	<u>22,668,779</u>	<u>19,599,734</u>	<u>18,373,208</u>	<u>15,420,711</u>	<u>13,546,330</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>
Total business-type activities net position	<u>\$ 45,257,948</u>	<u>\$ 42,763,701</u>	<u>\$ 37,636,813</u>	<u>\$ 35,587,805</u>	<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>
Primary government										
Net investment in capital assets	\$ 37,388,441	\$ 37,614,999	\$ 33,328,713	\$ 35,321,197	\$ 33,187,352	\$ 34,029,128	\$ 34,950,684	\$ 35,671,605	\$ 38,097,979	\$ 37,118,191
Restricted	2,600,104	2,807,160	2,749,193	3,775,262	2,888,319	1,905,409	1,661,790	1,280,889	1,042,114	1,066,606
Unrestricted	<u>30,787,689</u>	<u>26,046,715</u>	<u>23,831,768</u>	<u>18,790,921</u>	<u>16,939,302</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>
Total primary government net position	<u>\$ 70,776,234</u>	<u>\$ 66,468,874</u>	<u>\$ 59,909,674</u>	<u>\$ 57,887,380</u>	<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>

^a 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.

^b 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.

^c During 2018 the Borough implemented the provisions of GASB 75 which only applies to the Borough's governmental activities. Prior year amounts have not been restated and are shown based on the reporting requirements prior to the implementation of GASB 75. Also, during 2018 the Borough implemented the provisions of GASB 89. Prior year amounts have not been restated and are shown based on the reporting requirements prior to the implementation of GASB 89.

Source: Department of Finance (DOF) compilation of data.

BOROUGH OF CARLISLE
Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years

Schedule 2

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Program Revenues										
Governmental Activities:										
Charges for Services:										
General government	\$ 346,724	\$ 340,690	\$ 366,298	\$ 334,429	\$ 530,175	\$ 306,102	\$ 293,713	\$ 430,867	\$ 388,062	\$ 368,645
Public safety	250,898	424,453	538,217	801,510	664,413	694,933	725,235	781,414	881,831	609,358
Public services	37,174	45,603	87,239	120,919	63,094	44,446	38,798	40,218	120,437	161,378
Parks and recreation	110,814	348,767	316,899	288,916	308,928	347,134	298,667	271,819	255,113	298,555
Operating grants and contributions	1,985,355	1,240,250	1,201,548	1,287,039	1,283,339	1,259,460	1,304,787	1,599,715	1,305,212	1,792,300
Capital grants and contributions	<u>1,348,420</u>	<u>1,455,601</u>	<u>822,798</u>	<u>2,942,801</u>	<u>1,162,135</u>	<u>929,627</u>	<u>1,103,549</u>	<u>932,994</u>	<u>538,371</u>	<u>2,544,201</u>
Total governmental activities program revenues	<u>4,079,385</u>	<u>3,855,364</u>	<u>3,332,999</u>	<u>5,775,614</u>	<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>
Business-type Activities:										
Charges for Services:										
Water	4,286,922	4,450,198	4,514,792	4,405,919	4,184,024	4,093,002	3,970,748	3,490,867	3,630,700	3,440,334
Sewer	6,105,810	6,291,347	6,647,052	6,703,342	6,087,099	5,527,954	5,398,185	4,979,628	4,971,586	4,753,521
Parking	400,579	708,443	696,387	680,576	671,278	629,194	592,635	504,637	538,470	508,690
Solid Waste	1,434,687	880,195	837,651	810,308	670,597	657,019	599,122	597,397	590,330	584,550
Stormwater	1,767,087	1,148,962	-	-	-	-	-	-	-	-
Operating grants and contributions	55,074	209,028	85,959	46,971	35,146	39,938	62,465	101,137	97,250	316,210
Capital grants and contributions	<u>323,801</u>	<u>2,419,064</u>	<u>229,596</u>	<u>118,723</u>	<u>62,111</u>	<u>241,649</u>	<u>46,207</u>	<u>81,037</u>	<u>874,230</u>	<u>5,121,367</u>
Total business-type activities program revenues	<u>14,373,960</u>	<u>16,107,237</u>	<u>13,011,437</u>	<u>12,765,839</u>	<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>
Total primary government program revenues	<u>\$ 18,453,345</u>	<u>\$ 19,962,601</u>	<u>\$ 16,344,436</u>	<u>\$ 18,541,453</u>	<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>
Expenses										
Governmental Activities:										
General government	\$ 1,996,953	\$ 1,865,486	\$ 1,579,336	\$ 1,791,013	\$ 1,303,148	\$ 1,232,564	\$ 1,416,153	\$ 1,385,330	\$ 1,382,247	\$ 1,402,176
Public safety	5,660,761	5,928,270	6,073,956	5,929,571	6,000,082	5,603,645	5,459,908	5,623,928	5,610,486	5,447,786
Public services	1,709,843	2,031,313	2,048,923	1,985,119	2,648,369	2,240,600	2,208,735	2,085,120	2,144,972	2,530,880
Parks and recreation	893,308	1,131,263	1,147,602	1,145,391	1,182,586	1,082,679	1,028,150	1,064,555	1,074,170	1,068,128
Conservation and community development	471,282	306,343	293,361	354,101	243,669	397,077	419,715	589,086	449,639	760,713
Interest on long-term debt	<u>250,103</u>	<u>243,695</u>	<u>269,101</u>	<u>216,089</u>	<u>151,944</u>	<u>157,743</u>	<u>166,114</u>	<u>200,896</u>	<u>165,837</u>	<u>150,178</u>
Total governmental activities expenses	<u>\$ 10,982,250</u>	<u>\$ 11,506,370</u>	<u>\$ 11,412,279</u>	<u>\$ 11,421,284</u>	<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>

BOROUGH OF CARLISLE
Financial Trends Information
Changes in Net Position (Continued)
Last Ten Fiscal Years

Schedule 2

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Business-type Activities:										
Water	\$ 3,447,981	\$ 3,850,851	\$ 4,227,259	\$ 4,257,603	\$ 4,091,163	\$ 3,866,185	\$ 3,736,745	\$ 3,674,170	\$ 3,473,552	\$ 3,192,788
Sewer	5,448,124	5,741,796	5,940,591	5,871,507	5,459,634	5,477,005	5,282,663	5,279,620	5,256,740	4,904,537
Parking	538,817	524,341	476,020	575,388	522,117	517,686	465,084	422,840	404,801	401,965
Solid Waste	1,656,256	826,622	772,774	717,530	727,257	688,792	683,205	716,329	726,044	675,590
Stormwater	1,055,188	581,219	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>12,146,366</u>	<u>11,524,829</u>	<u>11,416,644</u>	<u>11,422,028</u>	<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>
Total primary government expense	<u>\$ 23,128,616</u>	<u>\$ 23,031,199</u>	<u>\$ 22,828,923</u>	<u>\$ 22,843,312</u>	<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>
Net (Expense)/Revenue										
Governmental activities	\$ (6,902,865)	\$ (7,651,006)	\$ (8,079,280)	\$ (5,645,670)	\$ (7,517,714)	\$ (7,132,606)	\$ (6,934,026)	\$ (6,891,888)	\$ (7,338,325)	\$ (5,585,424)
Business-type activities	<u>2,227,594</u>	<u>4,582,408</u>	<u>1,594,793</u>	<u>1,343,811</u>	<u>910,084</u>	<u>639,088</u>	<u>501,665</u>	<u>(338,256)</u>	<u>841,429</u>	<u>5,549,792</u>
Total primary government net expense	<u>\$ (4,675,271)</u>	<u>\$ (3,068,598)</u>	<u>\$ (6,484,487)</u>	<u>\$ (4,301,859)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real estate	\$ 5,143,699	\$ 5,122,842	\$ 5,030,098	\$ 4,900,014	\$ 4,636,777	\$ 4,616,320	\$ 4,611,089	\$ 4,671,594	\$ 4,349,011	\$ 4,347,819
Earned income	2,195,815	2,119,181	2,007,721	2,089,313	1,933,846	1,865,042	1,925,605	2,029,280	1,846,391	1,599,551
Real estate transfer	457,392	377,589	415,258	332,300	259,974	600,243	239,041	386,226	392,562	217,383
Other	816,775	860,437	809,969	840,858	794,947	757,100	779,368	694,660	672,203	731,764
Investment earnings	94,104	233,038	172,592	59,625	41,814	10,918	10,842	16,850	10,554	24,189
Miscellaneous	81,317	259,156	100,070	32,019	109,284	111,166	26,904	19,906	1,068	3,107
Transfers	<u>(73,124)</u>	<u>(43,505)</u>	<u>(19,411)</u>	<u>(1,132)</u>	<u>-</u>	<u>-</u>	<u>(219,397)</u>	<u>14,856</u>	<u>(81,627)</u>	<u>(39,263)</u>
Total governmental activities	<u>8,715,978</u>	<u>8,928,738</u>	<u>8,516,297</u>	<u>8,252,997</u>	<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>
Business-type Activities:										
Investment earnings	152,146	483,019	404,784	82,307	41,331	8,123	5,866	4,773	10,255	11,519
Gain on sale of capital asset	-	-	-	7,053	17,864	10,950	17,265	33,215	10,592	-
Miscellaneous	41,383	30,351	30,020	830,777	23,324	26,359	61,836	423,023	163,988	140,783
Transfers	<u>73,124</u>	<u>43,505</u>	<u>19,411</u>	<u>1,132</u>	<u>-</u>	<u>-</u>	<u>219,397</u>	<u>(14,856)</u>	<u>81,627</u>	<u>39,263</u>
Total business-type activities	<u>266,653</u>	<u>556,875</u>	<u>454,215</u>	<u>921,269</u>	<u>82,519</u>	<u>45,432</u>	<u>304,364</u>	<u>446,155</u>	<u>266,462</u>	<u>191,565</u>
Total primary government	<u>\$ 8,982,631</u>	<u>\$ 9,485,613</u>	<u>\$ 8,970,512</u>	<u>\$ 9,174,266</u>	<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>
Change in Net Position										
Governmental activities	\$ 1,813,113	\$ 1,277,732	\$ 437,017	\$ 2,607,327	\$ 258,928	\$ 828,183	\$ 439,426	\$ 941,484	\$ (148,163)	\$ 1,299,126
Business-type activities	<u>2,494,247</u>	<u>5,139,283</u>	<u>2,049,008</u>	<u>2,265,080</u>	<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>
Total primary government	<u>\$ 4,307,360</u>	<u>\$ 6,417,015</u>	<u>\$ 2,486,025</u>	<u>\$ 4,872,407</u>	<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>

Source: DOF compilation of data.

BOROUGH OF CARLISLE
Financial Trends Information
Fund Balances, Governmental Funds
Last Ten Fiscal Years

Schedule 3

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 422,998	\$ 316,531	\$ 332,694	\$ 467,390	\$ 315,062	\$ 303,198	\$ 348,915	\$ 294,066	\$ 312,999	\$ 378,510
Spendable										
Restricted	19,175	53,735	53,421	78,364	1,682,519	641,228	547,936	162,891	74,483	14,225
Committed	598,344	597,878	595,900	594,364	3,865,506	2,551,650	2,565,376	55,607	100,455	120,606
Assigned	1,034,326	985,233	404,213	404,213	429,213	433,813	597,500	17,000		
Unassigned	7,783,269	7,405,190	7,104,470	5,554,601	888,381	2,230,983	2,508,370	4,835,056	3,778,898	3,001,316
Total General Fund	<u>9,858,112</u>	<u>9,358,567</u>	<u>8,490,698</u>	<u>7,098,932</u>	<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>
Capital Projects Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spendable										
Restricted	1,159,094	1,335,550	1,327,700	2,446,582	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Capital Projects Fund	<u>1,159,094</u>	<u>1,335,550</u>	<u>1,327,700</u>	<u>2,446,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
All Other Governmental Funds										
Restricted	<u>1,314,151</u>	<u>1,417,875</u>	<u>1,368,072</u>	<u>1,250,316</u>	<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>
Total All Other Governmental Funds	<u>1,314,151</u>	<u>1,417,875</u>	<u>1,368,072</u>	<u>1,250,316</u>	<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>
Total Governmental Funds	<u>\$ 12,331,357</u>	<u>\$ 12,111,992</u>	<u>\$ 11,186,470</u>	<u>\$ 10,795,830</u>	<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>

Source: DOF compilation of data.

BOROUGH OF CARLISLE
Financial Trends Information
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

Schedule 4

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Real Estate	\$ 5,135,094	\$ 5,095,199	\$ 5,031,877	\$ 5,006,110	\$ 4,671,284	\$ 4,657,470	\$ 4,596,658	\$ 4,638,189	\$ 4,338,373	\$ 4,337,361
Earned income	2,106,826	2,167,578	1,975,567	2,022,555	1,908,801	1,829,589	1,968,913	1,859,764	1,836,866	1,611,230
Real estate transfer	457,392	377,589	415,258	332,300	259,974	600,243	239,041	386,226	392,562	217,383
Other taxes	760,487	856,688	795,630	827,336	780,753	742,444	763,919	680,015	656,488	716,413
Licenses and permits	447,615	597,215	665,090	852,460	622,317	491,213	500,148	589,654	722,507	449,696
Fines and forfeits	84,150	116,636	105,381	146,529	158,871	186,816	194,348	223,413	230,116	238,128
Investment income	94,104	233,038	172,592	59,625	41,814	10,918	10,842	16,850	10,554	24,189
Rents	63,102	87,145	72,280	65,176	61,100	70,335	72,080	61,390	58,439	66,701
Intergovernmental	3,074,540	1,751,220	1,670,641	3,848,910	2,491,977	1,769,988	1,774,800	2,406,810	1,830,971	4,161,356
Charges for services	73,246	288,045	289,281	256,656	287,878	308,312	253,192	223,654	220,924	278,492
Other	473,130	457,212	606,485	515,220	473,313	807,869	343,460	600,554	474,588	620,055
Total revenues	<u>12,769,686</u>	<u>12,027,565</u>	<u>11,800,082</u>	<u>13,932,877</u>	<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>
Expenditures										
General government	1,480,701	1,305,179	1,187,412	1,136,972	1,269,990	1,175,464	1,304,287	1,309,805	1,332,775	1,475,065
Public safety	7,046,082	6,321,814	7,190,933	7,573,884	5,962,703	6,331,307	5,265,141	5,259,574	5,126,670	4,992,324
Public services	1,991,412	2,237,355	2,220,644	2,310,652	2,149,503	1,801,269	1,731,455	1,643,060	1,731,981	3,944,214
Parks and recreation	801,827	1,017,117	957,184	1,671,909	1,945,141	922,966	988,899	1,295,093	970,077	947,962
Conservation and community development	471,282	477,951	306,936	462,562	255,277	422,213	433,963	590,664	449,630	760,971
Refund of prior year revenue	-	-	-	-	-	-	-	-	-	21,807
Debt service:										
Bond issue costs	-	-	-	-	-	-	-	-	-	6,691
Principal	604,921	428,014	481,318	492,782	492,821	446,595	439,231	305,020	380,200	243,106
Interest and fiscal charges	303,314	294,379	282,645	212,653	137,288	146,346	143,846	227,146	164,050	133,703
Total expenditures	<u>12,699,539</u>	<u>12,081,809</u>	<u>12,627,072</u>	<u>13,861,414</u>	<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>
Excess (deficiency) of revenues over/(under) expenditures	<u>70,147</u>	<u>(54,244)</u>	<u>(826,990)</u>	<u>71,463</u>	<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>
Other Financing Sources (Uses)										
Transfers in	876,648	745,865	282,638	3,098,586	190,569	105,481	190,989	121,723	148,673	100,759
Transfers out	(949,772)	(745,865)	(302,049)	(3,099,718)	(190,569)	(105,481)	(410,386)	(106,867)	(230,300)	(140,022)
Proceeds from sale of capital assets	14,451	45,689	88,903	15,349	78,283	109,209	18,900	17,786	4,181	7,970
Refund of prior year expenditures	-	-	-	-	-	-	-	-	-	-
Bond reallocation	-	-	-	-	-	(605,764)	-	-	-	-
Bond discount/issue costs	-	-	-	-	-	-	-	-	-	23,340
Proceeds from issuance of bonds	207,891	934,077	1,148,138	6,208,108	1,959,285	10,620	989,251	4,397,198	254,148	868,649
Bond premium	-	-	-	669,967	-	-	-	-	-	-
Payment to refund bond	-	-	-	(4,554,406)	(621,499)	-	-	(4,279,680)	-	(866,262)
Total other financing sources (uses)	<u>149,218</u>	<u>979,766</u>	<u>1,217,630</u>	<u>2,337,886</u>	<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>
Net change in fund balances	<u>\$ 219,365</u>	<u>\$ 925,522</u>	<u>\$ 390,640</u>	<u>\$ 2,409,349</u>	<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>
Debt service as a percentage of non-capital expenditures	8.3%	7.1%	7.5%	8.3%	6.1%	6.0%	6.4%	5.4%	5.6%	3.7%
Debt service as a percentage of total expenditures	7.2%	6.0%	6.1%	5.1%	5.2%	5.3%	5.7%	5.0%	5.4%	3.0%

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 Value of Real Property	Real Property Exemptions	Percentage of Exemptions	Assessed Value of Taxable Real Property	Percentage Change from Previous year	Total Direct Tax Rate	Total Direct Fire Tax Rate (included in Total Direct Tax Rate)	Estimated Actual Taxable Value
2020	\$ 2,016,214,100	\$ 527,352,200	26.2%	\$ 1,489,047,900	0.32%	3.50	0.44	\$ 1,489,047,900
2019	2,011,591,600	527,352,200	26.2%	1,484,239,400	0.66%	3.50	0.44	1,484,239,400
2018	2,003,339,400	528,826,200	26.4%	1,474,513,200	1.91%	3.50	0.44	1,474,513,200
2017	1,953,893,400	507,038,700	26.0%	1,446,854,700	0.28%	3.50	0.44	1,446,854,700
2016	1,947,489,000	504,732,700	25.9%	1,442,756,300	1.01%	3.28	0.22	1,442,756,300
2015	1,937,063,700	508,795,200	26.3%	1,428,268,500	-0.17%	3.28	0.22	1,428,268,500
2014	1,928,046,730	497,336,500	25.8%	1,430,710,230	-0.63%	3.28	0.22	1,430,710,230
2013	1,931,196,600	491,391,400	25.4%	1,439,805,200	0.37%	3.28	0.22	1,439,805,200
2012	1,916,182,800	481,665,500	25.1%	1,434,517,300	-0.35%	3.06	0.00	1,434,517,300
2011	1,919,045,100	479,440,200	25.0%	1,439,604,900	23.14%	3.06	0.00	1,439,604,900

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 ^(a)					
<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
2020	3.058	0.437	3.495	2.195	0.166	2.361	15.353	21.209	16.48%
2019	3.058	0.437	3.495	2.195	0.166	2.361	14.906	20.762	16.83%
2018	3.058	0.437	3.495	2.195	0.166	2.361	14.472	20.328	17.19%
2017	3.058	0.437	3.495	2.195	0.166	2.361	14.037	19.893	17.57%
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%

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

^a 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	2020			2011		
	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%	\$ 45,800,000	1	3.2%
Carlisle Corporation	37,838,000	2	2.5%	36,925,000	2	2.6%
Carlisle Commons LLC	30,704,500	3	2.1%	31,144,500	3	2.2%
Allen Distribution	27,307,000	4	1.8%	29,689,700	4	2.1%
KTRPA Cent LLC	19,300,000	5	1.3%			
Giant Food Stores LLC	18,300,000	6	1.2%			
Ross Stores Pennsylvania LP	15,975,000	7	1.1%	15,000,000	6	1.0%
Patriarch Seven Gables LP	11,800,000	8	0.8%			
Headlands Realty Corp.	11,603,000	9	0.8%	11,603,000	9	0.8%
Clover-Carlisle LLC	10,500,000	10	0.7%			
RA Carlisle, LLC				13,751,600	7	1.0%
Kimco Carlisle LP				13,250,000	8	0.9%
Cedar-Carlisle LLC				10,500,000	10	0.7%
Carlisle 44 LP				16,267,500	5	1.1%
Total	<u>\$ 225,827,500</u>		<u>15.2%</u>	<u>\$ 223,931,300</u>		<u>15.6%</u>
Total Taxable Assessed Value	<u>\$ 1,489,047,900</u>			<u>\$ 1,439,604,900</u>		

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
2020	\$	4,538,805	\$	648,613	\$	5,187,418	\$ 5,046,122	97.3%	n/a	5,046,122	97.3%
2019		4,529,395		647,269		5,176,664	5,046,122	97.5%	65,021	5,111,143	98.7%
2018		4,452,411		636,268		5,088,679	4,968,809	97.6%	100,314	5,069,123	99.6%
2017		4,415,984		631,053		5,047,037	4,948,035	98.0%	66,741	5,014,776	99.4%
2016		4,411,948		313,078		4,725,026	4,644,586	98.3%	145,681	4,725,026	100.0%
2015		4,360,781		309,449		4,670,230	4,554,455	97.5%	117,857	4,670,230	100.0%
2014		4,375,112		310,466		4,685,578	4,564,907	97.4%	122,782	4,685,578	100.0%
2013		4,397,855		312,080		4,709,935	4,585,653	97.4%	116,169	4,701,822	99.8%
2012		4,389,236		-		4,389,236	4,272,661	97.3%	124,124	4,389,236	100.0%
2011		4,402,312		-		4,402,312	4,231,007	96.1%	46,688	4,277,695	97.2%

Source: DOF analysis of borough data.

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

Schedule 9

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income		Per Capita				
	General Obligation Bonds	General Obligation Notes	General Obligation Bonds	General Obligation Notes								
2020	\$	5,453,513	\$	2,589,799	\$	17,265,126	\$	8,098,307	\$	33,406,745	5.69%	1,744
2019		6,049,683		2,442,869		18,499,431		8,730,346		35,722,329	5.68%	1,869
2018		6,419,262		1,619,438		19,350,327		9,876,700		37,265,727	6.19%	1,950
2017		6,874,739		549,351		20,375,325		10,685,650		38,485,065	7.39%	2,024
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

Source: DOF analysis of data.

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

Schedule 10

<i>Fiscal Year</i>	General Obligation		General Obligation		Percentage of Actual Taxable Value ^(a)		Per Capita
	Bonds		Notes	Total	of Property		
2020	\$ 22,718,639	\$	10,688,106	\$ 33,406,745	2.24%		1,744
2019	24,549,114		11,173,215	35,722,329	2.41%		1,869
2018	25,769,589		11,496,138	37,265,727	2.53%		1,950
2017	27,250,064		11,235,001	38,485,065	2.66%		2,024
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

^(a) 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, 2020

Schedule 11

Jurisdiction	Total Debt Outstanding	Percentage Applicable to the Borough^(a)	Amount Applicable to the Borough
Direct			
Borough of Carlisle - Governmental activities debt	\$ 8,043,312	100.0%	\$ 8,043,312
Overlapping			
Carlisle Area School District	48,398,940	60.9%	29,474,954
Cumberland County	28,830,000	7.9%	2,277,570
Total Overlapping Debt	77,228,940		31,752,524
Total	\$ 85,272,252		\$ 39,795,836

^(a) 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

Schedule 12

Legal Debt Margin Calculation for Fiscal Year 2020

Borrowing Base Revenues:

2018	\$ 24,495,254
2019	27,786,657
2020	<u>25,185,407</u>
	<u>\$ 77,467,318</u>

Average Borrowing Base Revenue	\$ 25,822,439
Debt Limit Percentage	<u>250.0%</u>
Debt Limit	\$ 64,556,098
Less: Total Amount of Debt Applicable to Debt Limit	<u>28,410,745</u>
Legal Debt Margin	<u>\$ 36,145,353</u>

	2020	2019	2018	2017	2016	Fiscal Year 2015	2014	2013	2012	2011
Debt Limit	\$ 64,556,098	\$ 63,278,220	\$ 58,615,065	\$ 55,992,161	\$ 53,520,993	\$ 51,934,423	\$ 50,831,658	\$ 49,723,355	\$ 47,992,671	\$ 45,814,353
Total Amount of Debt Applicable to Debt Limit	<u>28,410,745</u>	<u>30,725,329</u>	<u>29,878,139</u>	<u>30,896,001</u>	<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>
Legal Debt Margin	<u>\$ 36,145,353</u>	<u>\$ 32,552,891</u>	<u>\$ 28,736,926</u>	<u>\$ 25,096,160</u>	<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>
Total Amount of Debt Applicable to Debt Limit as a percentage of debt limit	44.01%	48.56%	50.97%	55.18%	46.61%	39.53%	43.25%	43.06%	45.51%	39.77%

Source: DOF analysis of data.

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

Schedule 13

<i>Fiscal Year</i>	<i>Population^(a)</i>	<i>Personal Income</i>	<i>Per Capita Income</i>	<i>School Enrollment^(b)</i>	<i>Number of Dropouts^(b)</i>	<i>Dropouts as a Percentage of Enrollment</i>	<i>Unemployment Rate^(c)</i>
2020	19,153	\$ 587,288,439	\$ 30,663	4,876	7	0.14%	5.60%
2019	19,116	628,706,124	32,889	5,247	33	0.63%	3.70%
2018	19,113	601,600,788	31,476	5,179	32	0.62%	3.20%
2017	19,014	520,907,544	27,396	5,106	33	0.65%	4.20%
2016	18,945	519,775,020	27,436	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%

^(a) Census Bureau-American Community Survey.

^(b) Carlisle Area School District.

^(c) 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	2020			2011		
	Employees	Rank	Percentage of Total Borough Employment	Employees	Rank	Percentage of Total Borough Employment
United Parcel Service Inc	2,624	1	8.5%			
Elwood Staffing Services Inc.	2,194	2	7.1%			
Dickinson College	1,542	3	5.0%	3,282	1	15.5%
Giant Food Stores LLC	1,141	4	3.7%	1,720	2	8.1%
Ross Dress For Less Inc.	1,072	5	3.5%	769	6	3.6%
Masterbrand Cabinets Inc	1,005	6	3.3%			
Staffing Solution Southeast	943	7	3.1%			
Manpower International	852	8	2.8%			
Cumberland Courty House	711	9	2.3%	865	5	4.1%
Aerotek Inc	657	10	2.1%			
Carlisle Area School District				1,222	3	5.8%
United Church of Christ Homes				399	8	1.9%
Carlisle Family YMCA				381	9	1.8%
Randstand Employment				883	4	4.2%
Carlisle Construction Materials				437	7	2.1%
Carlisle Transportation Products				303	10	1.4%
	<u>12,741</u>		<u>25.7%</u>	<u>10,261</u>		<u>48.4%</u>
Total Borough Employment	<u>30,792</u>			<u>21,195</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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<i>Function/program</i>										
General Government										
Borough Manager's Office	4.00	3.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Department of Finance	4.50	5.00	6.50	6.50	6.50	5.00	5.00	5.50	5.00	4.50
Tax Collection	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.75	0.00	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	0.00	0.00	0.00	0.00	1.00
Public Safety										
Police Department	38.00	36.00	34.50	35.00	35.00	35.00	37.00	37.00	33.50	37.00
Fire Department	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	0.50	0.50
Public Works										
Administration & Engineering Division	3.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	4.00
Operations Division	10.00	9.00	23.00	23.00	23.00	8.00	9.50	9.50	9.50	10.00
Planning & Codes Division	4.75	4.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
Parks and Recreation	8.25	14.00	8.50	8.50	8.50	8.50	8.50	9.00	8.00	8.00
Water	13.50	14.00	8.00	8.00	9.00	15.00	16.50	16.50	18.00	16.00
Sewer	21.25	20.50	18.00	18.00	15.00	25.00	25.00	23.50	23.50	26.00
Stormwater	4.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Parking	2.25	4.00	3.50	3.50	3.50	3.50	3.00	3.00	1.00	1.50
Total Employment	116.00	120.00	117.50	117.00	115.00	114.00	118.50	118.75	112.00	117.00

Source: DOF analysis of data.

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

Schedule 16

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<i>Function/program</i>										
General Government										
Real estate tax certifications	853	734	533	782	702	713	n/a	920	462	1,101
Public Safety										
Arrests	872	1,249	1,158	1,100	1,351	1,665	1,014	1,542	1,545	1,785
Parking violations	7,229	8,688	7,696	6,863	5,636	13,053	15,627	7,108	7,451	4,772
Traffic violations	1,498	1,457	2,580	1,610	1,962	2,312	2,221	2,355	2,681	2,578
Calls for service	20,028	22,493	22,230	24,103	21,487	25,319	19,791	18,113	17,967	17,467
Police vehicles	18	19	19	19	19					
Fire responses	467	510	528	456	534	597	547	567	522	530
Building-related permits issued	382	999	1,082	1,254	910	1,031	831	1,014	838	1,335
Public Services										
Miles of streets resurfaced	2.36	2.40	2.49	2.40	1.56	1.00	3.00	3.00	4.00	7.00
Parks and Recreation										
Community pool attendance	-	19,752	16,941	17,316	20,017	19,770	17,085	19,099	22,634	22,965
Number of seasonal programs	82	168	147	160	224	170	163	135	156	113
Water										
New connections	9	68	67	17	9	4	6	4	6	12
Water main breaks	18	33	15	13	21	20	28	20	7	20
Consumption (mgd)	2.17	2.25	2.48	2.34	2.69	2.92	2.48	2.05	2.28	2.42
Sewer										
Sewage treatment (mgd)	2.68	4.10	4.32	2.58	2.96	3.22	3.37	2.91	3.48	4.45
Treatment capacity (in gallons)	7	7	7	7	7	7	7	7	7	7
Parking										
Average daily parking meter revenue	435	694	725	700	673	660	579	527	551	526

Source: DOF compilation of data.

BOROUGH OF CARLISLE
Capital Asset Statistics by Function/Program
Last Ten Years

Schedule 17

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<i>Function/program</i>										
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	18	19	19	19	19	19	19	19	19	18
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire vehicles	7	7	7	7	7	7	7	7	6	6
Public Services										
Borough streets (in miles)	56.7	56.7	56.7	56.7	56.7	56.7	56.7	56.3	56.3	56.3
Number of traffic lighted intersections	43	43	43	43	43	43	43	43	43	43
Parks and Recreation										
Number of parks	17	17	17	17	17	17	18	18	18	18
Acreage of park land	163	163	163	163	163	163	181	181	181	181
Number of community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (in miles)	77.2	77.2	77.2	77.2	77.2	77.2	76.5	76.5	76.5	76.5
Fire hydrants	635	634	630	630	630	630	557	555	555	555
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	69.5	69.5	69.5	69.5	68.9	68.9	68.9	68.9
Storm sewers (in miles)	28.5	28.5	28.5	28.5	28.5	28.5	28.0	28.0	28.0	28.0
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	7	7	6	6	6	6	6	6	6	6
Number of street parking metered spaces	669	669	664	664	664	664	664	654	655	655
Number of off-street parking metered spc	114	114	132	132	132	132	132	132	122	122
Number of parking garages	1	1	1	1	1	1	1	1	1	1

Source: DOF compilation of data

SINGLE AUDIT

BOROUGH OF CARLISLE
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Grantor Program Title		CFDA	Pass Through Grantor's Number	Grant Year	Applicant Identifier Contract	Cash Receipts	Accrual Expenditures	Total Passed-through to Subrecipients
U.S. Department of Treasury								
Passed through Cumberland County Coronavirus Relief Fund	COVID-19 County Relief Block Grant	I 21.019	C000073998	2020	N/A	\$ -	\$ 258,693	\$ -
Total U.S. Department of Treasury						-	258,693	-
U.S. Department of Environmental Protection Agency								
Passed through Pennsylvania Department of Environmental Protection Chesapeake Bay Program	DEP Stormwater BMP Grant	I 66.466	4100078797	2017	N/A	\$ 54,599	\$ -	\$ -
Total U.S. Department of Environmental Protection Agency						54,599	-	-
U.S. Department of Justice								
Bulletproof Vest Partnership Program		D 16.607	N/A	2018	BA-3A00S-SM02	1,770	1,770	-
Bulletproof Vest Partnership Program		D 16.607	N/A	2019	BA-3A00S-SM02	3,046	3,046	-
Total U.S. Department of Justice						4,816	4,816	-
U.S. Department of Transportation								
National Infrastructure Investments	FY 2016 TIGER Discretionary Grant	D 20.933	N/A	2016	MM-G-19-20-CAR-TIGER	606,742	733,319	-
Total U.S. Department of Transportation						606,742	733,319	-
U.S. Department of Housing and Urban Development Program								
Community Development Block Grant Cluster								
Community Development Block Grant		D 14.218		2020	B-20-MC-42-0022	411,580	426,686	-
Community Development Block Grant - CARES		D 14.218		2020	B-20-MC-42-0022	149,750	149,750	-
Total Community Development Block Grant Cluster						561,330	576,436	-
Passed through PA DCED								
Home Investment Partnerships Program	HOME CHDO Operating	I 14.239	C000069523	2017	N/A	-	14,000	-
Home Investment Partnerships Program	HOME CHDO Operating	I 14.239	C000070775	2018	N/A	-	12,500	-
						-	26,500	-
Total U.S. Department of Housing and Urban Development Program						561,330	602,936	-
Total Federal Receipts/Expenditures						\$ 1,227,487	\$ 1,599,764	\$ -

BOROUGH OF CARLISLE
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

NOTE 1 REFERENCES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(I) Indirect Funding

(D) Direct Funding

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The schedule of expenditures of federal awards is presented using the modified accrual basis in accordance with accounting principles prescribed by the Pennsylvania Department of Transportation, which conform to generally accepted accounting principles. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. Revenues designated for payment of specific Township expenditures are recognized when the related expenditure is incurred. Any excess of revenue or expenditures at year-end is recorded as accounts payable or a receivable, respectively.

Indirect Cost Rate

The Borough has elected not to use the 10% de minimus indirect cost rate for its federal 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, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough of Carlisle, Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough of Carlisle, Pennsylvania's basic financial statements, and have issued our report thereon dated July 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Carlisle, Pennsylvania's internal control over financial reporting (internal control) as a basis for designing 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 the Borough of Carlisle, Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Carlisle, Pennsylvania'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 the Borough of Carlisle, Pennsylvania'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 financial statements. 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 Reams & Company, LLC". The signature is written in a cursive, flowing style.

Carlisle, Pennsylvania
July 27, 2021

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, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the Borough of Carlisle, Pennsylvania'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 the Borough of Carlisle, Pennsylvania's major federal programs for the year ended December 31, 2020. Borough of Carlisle, Pennsylvania'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 the Borough of Carlisle, Pennsylvania'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 the Borough of Carlisle, Pennsylvania'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 the Borough of Carlisle, Pennsylvania's compliance.

Opinion on Each Major Federal Program

In our opinion, the Borough of Carlisle, Pennsylvania, 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, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Borough of Carlisle, Pennsylvania, 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 the Borough of Carlisle, Pennsylvania'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 the Borough of Carlisle, Pennsylvania'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 a 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 & Wooten Reams & Company, LLC". The signature is written in a cursive, flowing style.

Carlisle, Pennsylvania
July 27, 2021

BOROUGH OF CARLISLE
Schedule of Findings and Questioned Costs
December 31, 2020

Section I - Summary of Auditor's Results

Financial Statement

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 statement noted: ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified? ☐ Yes ☒ No

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 2CFR Section 200.516? ☐ Yes ☒ No

Identification of the major programs:

CFDA Number(s)	Name of Federal Program
20.933	National Infrastructure Investments

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

Auditee qualified as low risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

A. Significant Deficiency in Internal Control

None noted

B. Material Weaknesses in Internal Control

None noted

C. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported.

Section III – Federal Award Findings and Questioned Costs

A. Material Weaknesses in Internal Control Over Compliance

None noted

B. Compliance Findings

There were no findings relating to the major federal awards as required to be reported in accordance with Uniform Guidance by 2 CFR Section 200.516.



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Summary Schedule of Prior Audit Findings December 31, 2020

Findings related to financial statements:

None noted

Findings related to federal awards:

A single audit was not performed in the prior year.