



**CITY OF GIRARD  
TRUMBULL COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1997**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CITY OF GIRARD  
TRUMBULL COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

City of Girard  
Trumbull County  
100 W. Main Street  
Girard, Ohio 44420

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Girard, Trumbull County, (the City) as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City, as of December 31, 1997, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As more fully described in Note 3 to the general purpose financial statements, certain changes in accounting policies and financial reporting practices were made in order to present the aforementioned general purpose financial statements in conformity with generally accepted accounting principles. Such changes were adopted effective January 1, 1997 and to implement those changes, adjustments were made to restate fund balances and retained earnings as of that date.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

**Jim Petro**  
Auditor of State

October 21, 2000

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CITY OF GIRARD  
TRUMBULL COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1997

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash and Cash Equivalents	\$151,086	\$278,152	\$1,478	\$224,382
Cash and Cash Equivalents in Segregated Accounts				
Receivables:				
Taxes	395,357	402,333		3,244
Accounts Interfund	44,004			
Intergovernmental Receivable	57,394	105,427		10,377
Funds on Deposit with Deferred Compensation Boards				
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
<b>Other Debits</b>				
Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<b>\$647,841</b>	<b>\$785,912</b>	<b>\$1,478</b>	<b>\$238,003</b>



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$1,069,519		\$140,834			\$1,865,451
		293,934			293,934
285,986					800,934
					285,986
					44,004
					173,198
		601,412			601,412
10,758,685			3,613,577		14,372,262
				1,398,071	1,398,071
<u>\$12,114,190</u>		<u>\$1,036,180</u>	<u>\$3,613,577</u>	<u>\$1,398,071</u>	<u>\$19,835,252</u>

(continued)

**CITY OF GIRARD  
TRUMBULL COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS (continued)  
DECEMBER 31, 1997**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><i>Liabilities, Fund Equity and Other Credits</i></b>				
<b>Liabilities</b>				
Accounts Payable	\$23,480	\$29,375		\$2,337
Contracts Payable				36,496
Interfund Payable		44,004		
Accrued Wages	133,267	19,584		
Compensated Absences Payable	11,572	2,756		
Intergovernmental Payable	39,508	24,962		
Deferred Revenue	283,768	387,411		
Undistributed Monies				
Claims Payable				
Consumers Water Loans Payable				
Deferred Compensation Payable				
Fire and Police Pension Liability				
Capital Leases Payable				
OWDA Loans Payable				
<b><i>Total Liabilities</i></b>	<b>491,595</b>	<b>508,092</b>		<b>38,833</b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	2,084	4,094		
Unreserved, Undesignated	154,162	273,726	1,478	199,170
<b><i>Total Fund Equity (Deficit) and Other Credits</i></b>	<b>156,246</b>	<b>277,820</b>	<b>1,478</b>	<b>199,170</b>
<b><i>Total Liabilities, Fund Equity and Other Credits</i></b>	<b>\$647,841</b>	<b>\$785,912</b>	<b>\$1,478</b>	<b>\$238,003</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$4,440					\$59,632
113,052					149,548
					44,004
39,810					192,661
140,697				643,288	798,313
131,162				144,395	340,027
					671,179
		429,068			429,068
	27,065				27,065
22,000					22,000
		601,412			601,412
				320,429	320,429
6,309				289,959	296,268
5,713,278					5,713,278
6,170,748	27,065	1,030,480		1,398,071	9,664,884
			3,613,577		3,613,577
427,759					427,759
5,515,683	(27,065)				5,488,618
					6,178
		5,700			634,236
5,943,442	(27,065)	5,700	3,613,577		10,170,368
\$12,114,190		\$1,036,180	\$3,613,577	\$1,398,071	\$19,835,252

CITY OF GIRARD  
TRUMBULL COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
<b>Revenues</b>						
Municipal Income Tax	\$2,620,059	\$317,796		\$71,492		\$3,009,347
Property and Other Taxes	249,470	296,506				545,976
Charges for Services	230	73,716				73,946
Licenses, Permits and Fees	545,242	10,417		253,372		809,031
Fines and Forfeitures		10,194		121,597		131,791
Intergovernmental	432,908	896,422		719,634		2,048,964
Interest	97,433	1,629			132	99,194
Contributions and Donations		6,605				6,605
Other	2,282	701				2,983
<b>Total Revenues</b>	<b>3,947,624</b>	<b>1,613,986</b>		<b>1,166,095</b>	<b>132</b>	<b>6,727,837</b>
<b>Expenditures</b>						
Current:						
General Government	1,117,501	93,970				1,211,471
Security of Persons and Property	2,575,834	44,047				2,619,881
Public Health and Welfare	125,421	39,934				165,355
Transportation	29,689	746,708				776,397
Community Environment	33,918	282,018			170	316,106
Basic Utility Services		296,995				296,995
Leisure Time Activities	38,483	122,927				161,410
Capital Outlay				1,000,968		1,000,968
Debt Service:						
Principal Retirement	10,187	33,775		93,518		137,480
Interest and Fiscal Charges	1,145	17,094		23,634		41,873
<b>Total Expenditures</b>	<b>3,932,178</b>	<b>1,677,468</b>		<b>1,118,120</b>	<b>170</b>	<b>6,727,936</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<b>15,446</b>	<b>(63,482)</b>		<b>47,975</b>	<b>(38)</b>	<b>(99)</b>
<b>Other Financing Sources (Uses)</b>						
Inception of Capital Lease		84,200				84,200
Operating Transfers In		15,000				15,000
Operating Transfers Out	(15,000)					(15,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(15,000)</b>	<b>99,200</b>				<b>84,200</b>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<b>446</b>	<b>35,718</b>		<b>47,975</b>	<b>(38)</b>	<b>84,101</b>
<b>Fund Balances Beginning of Year (Restated Note 3)</b>	<b>155,800</b>	<b>242,102</b>	<b>1,478</b>	<b>151,195</b>	<b>5,738</b>	<b>556,313</b>
<b>Fund Balances End of Year</b>	<b>\$156,246</b>	<b>\$277,820</b>	<b>\$1,478</b>	<b>\$199,170</b>	<b>\$5,700</b>	<b>\$640,414</b>

See accompanying notes to the general purpose financial statements

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CITY OF GIRARD  
TRUMBULL COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND  
FOR THE YEAR DECEMBER 31, 1997**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Municipal Income Tax	\$2,484,615	\$2,615,537	\$130,922
Property and Other Taxes	230,000	249,470	19,470
Charges for Services	100	230	130
Licenses, Permits and Fees	502,510	545,242	42,732
Fines and Forfeitures			
Intergovernmental	427,300	455,555	28,255
Interest	80,000	97,433	17,433
Contributions and Donations			
Other	61,500	2,582	(58,918)
<i>Total Revenues</i>	<u>3,786,025</u>	<u>3,966,049</u>	<u>180,024</u>
<b>Expenditures</b>			
Current:			
General Government	1,238,027	1,146,805	91,222
Security of Persons and Property	2,620,154	2,587,904	32,250
Public Health and Welfare	127,782	127,707	75
Transportation	26,898	26,874	24
Community Environment	34,400	32,631	1,769
Basic Utility Services	0		
Leisure Time Activities	39,335	39,225	110
Capital Outlay	0		
<i>Total Expenditures</i>	<u>4,086,596</u>	<u>3,961,146</u>	<u>125,450</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(300,571)</u>	<u>4,903</u>	<u>305,474</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In			
Operating Transfers Out	(15,000)	(15,000)	
<i>Total Other Financing Sources (Uses)</i>	<u>(15,000)</u>	<u>(15,000)</u>	
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(315,571)</u>	<u>(10,097)</u>	<u>305,474</u>
<i>Fund Balances Beginning of Year</i>	188,477	188,477	
Prior Year Encumbrances Appropriated	12,890	12,890	
<i>Fund Balances End of Year</i>	<u>(\$114,204)</u>	<u>\$191,270</u>	<u>\$305,474</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$323,156	\$328,258	\$5,102			
292,035	296,506	4,471			
57,970	73,716	15,746			
2,031	10,417	8,386			
5,025	10,900	5,875			
915,150	857,688	(57,462)			
1,700	1,629	(71)			
900	6,605	5,705			
	701	701			
<u>1,597,967</u>	<u>1,586,420</u>	<u>(11,547)</u>			
124,645	95,471	29,174			
54,400	59,638	(5,238)			
59,144	42,361	16,783			
723,876	705,158	18,718			
354,856	282,018	72,838			
252,000	295,275	(43,275)			
120,900	119,746	1,154			
<u>1,689,821</u>	<u>1,599,667</u>	<u>90,154</u>			
<u>(91,854)</u>	<u>(13,247)</u>	<u>78,607</u>			
15,000	15,000				
<u>15,000</u>	<u>15,000</u>				
(76,854)	1,753	78,607			
223,405	223,405		1,478	1,478	
<u>4,030</u>	<u>4,030</u>				
<u>\$150,581</u>	<u>\$229,188</u>	<u>\$78,607</u>	<u>\$1,478</u>	<u>\$1,478</u>	

(continued)

CITY OF GIRARD  
TRUMBULL COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND (Continued)  
FOR THE YEAR DECEMBER 31, 1997**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Municipal Income Tax	\$69,000	\$71,360	\$2,360
Property and Other Taxes			
Charges for Services			
Licenses, Permits and Fees	223,000	253,372	30,372
Fines and Forfeitures	58,000	127,974	69,974
Intergovernmental	32,316	388,758	356,442
Interest			
Contributions and Donations			
Other			
<i>Total Revenues</i>	382,316	841,464	459,148
<b>Expenditures</b>			
Current:			
General Government			
Security of Persons and Property			
Public Health and Welfare			
Transportation			
Community Environment			
Basic Utility Services			
Leisure Time Activities			
Capital Outlay	456,000	760,688	(304,688)
<i>Total Expenditures</i>	456,000	760,688	(304,688)
<i>Excess of Revenues Over (Under) Expenditures</i>	(73,684)	80,776	154,460
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In			
Operating Transfers Out			
<i>Total Other Financing Sources (Uses)</i>			
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(73,684)	80,776	154,460
<i>Fund Balances Beginning of Year</i>	128,822	128,822	
Prior Year Encumbrances Appropriated	13,884	13,884	
<i>Fund Balances End of Year</i>	\$69,022	\$223,482	\$154,460

See accompanying notes to the general purpose financial statements



Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$2,876,771	\$3,015,155	\$138,384
			522,035	545,976	23,941
			58,070	73,946	15,876
			727,541	809,031	81,490
			63,025	138,874	75,849
			1,374,766	1,702,001	327,235
142	132	(10)	81,842	99,194	17,352
			900	6,605	5,705
			61,500	3,283	(58,217)
<u>142</u>	<u>132</u>	<u>(10)</u>	<u>5,766,450</u>	<u>6,394,065</u>	<u>627,615</u>
			1,362,672	1,242,276	120,396
			2,674,554	2,647,542	27,012
			186,926	170,068	16,858
			750,774	732,032	18,742
215	170	45	389,471	314,819	74,652
			252,000	295,275	(43,275)
			160,235	158,971	1,264
			456,000	760,688	(304,688)
<u>215</u>	<u>170</u>	<u>45</u>	<u>6,232,632</u>	<u>6,321,671</u>	<u>(89,039)</u>
<u>(73)</u>	<u>(38)</u>	<u>35</u>	<u>(466,182)</u>	<u>72,394</u>	<u>538,576</u>
			15,000	15,000	
			(15,000)	(15,000)	
(73)	(38)	35	(466,182)	72,394	538,576
5,738	5,738		547,920	547,920	
			30,804	30,804	
<u>\$5,665</u>	<u>\$5,700</u>	<u>\$35</u>	<u>\$112,542</u>	<u>\$651,118</u>	<u>\$538,576</u>

**CITY OF GIRARD  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Proprietary Fund Types</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
<b>Operating Revenues</b>			
Charges for Services	\$3,185,752	\$517,403	\$3,703,155
Tap-In Fees	12,067		12,067
Other	377		377
<i>Total Operating Revenues</i>	<u>3,198,196</u>	<u>517,403</u>	<u>3,715,599</u>
<b>Operating Expenses</b>			
Personal Services	1,071,958		1,071,958
Contractual Services	1,441,288	36,124	1,477,412
Claims		415,282	415,282
Materials and Supplies	181,411		181,411
Depreciation	56,768		56,768
<i>Total Operating Expenses</i>	<u>2,751,425</u>	<u>451,406</u>	<u>3,202,831</u>
<i>Operating Income</i>	446,771	65,997	512,768
<b>Non-Operating Expenses</b>			
Interest and Fiscal Charges	<u>(450,410)</u>		<u>(450,410)</u>
<i>Net Income</i>	(3,639)	65,997	62,358
<i>Retained Earnings (Deficit) Beginning of Year (Restated - Note 3)</i>	<u>5,519,322</u>	<u>(93,062)</u>	<u>5,426,260</u>
<i>Retained Earnings (Deficit) End of Year</i>	<u>5,515,683</u>	<u>(27,065)</u>	<u>5,488,618</u>
Contributed Capital Beginning of Year	106,245		106,245
Contributions During Year:			
From Other Funds	321,141		321,141
Tap-In Fees	373		373
Contributed Capital End of Year	<u>427,759</u>		<u>427,759</u>
<i>Total Fund Equity (Deficit) End of Year</i>	<u><u>\$5,943,442</u></u>	<u><u>(\$27,065)</u></u>	<u><u>\$5,916,377</u></u>

*See accompanying notes to the general purpose financial statements*

**CITY OF GIRARD  
TRUMBUL COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER, 1997**

	<b>Enterprise Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Charges for Services	\$3,100,261	\$3,144,118	\$43,857
Tap-In Fees	15,000	12,440	(2,560)
Proceeds of OWDA Loan	480,000	488,244	8,244
Other	1,796	372	(1,424)
<i>Total Revenues</i>	<u>\$3,597,057</u>	<u>\$3,645,174</u>	<u>48,117</u>
<b>Expenses</b>			
Personal Services	1,103,413	1,082,229	21,184
Contractual Services	1,237,197	1,247,793	(10,596)
Claims			
Materials and Supplies	342,771	189,504	153,267
Capital Outlay	215,121	214,397	724
Debt Service:			
Principal Retirement	330,083	329,008	1,075
Interest and Fiscal Charges	451,832	450,410	1,422
<i>Total Expenses</i>	<u>3,680,417</u>	<u>3,513,341</u>	<u>167,076</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(83,360)	131,833	215,193
<i>Fund Equity Beginning of Year</i>	903,757	903,757	
Prior Year Encumbrances Appropriated	<u>12,308</u>	<u>12,308</u>	
<i>Fund Equity End of Year</i>	<u><u>\$832,705</u></u>	<u><u>\$1,047,898</u></u>	<u><u>\$215,193</u></u>

See accompanying notes to the general purpose financial statements

**CITY OF GIRARD  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL PROPRIETARY FUND TYPES (Continued)  
FOR THE YEAR ENDED DECEMBER, 1997**

	<b>Internal Service Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Charges for Services	\$705,000	\$517,403	(\$187,597)
Tap-In Fees			
Proceeds of OWDA Loan			
Other			
<i>Total Revenues</i>	705,000	517,403	(187,597)
<b>Expenses</b>			
Personal Services			
Contractual Services	49,209	36,124	13,085
Claims	655,791	481,279	174,512
Materials and Supplies			
Capital Outlay			
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
<i>Total Expenses</i>	705,000	517,403	187,597
<i>Excess of Revenues Over (Under) Expenses</i>			
<i>Fund Equity Beginning of Year</i>			
Prior Year Encumbrances Appropriated			
<i>Fund Equity End of Year</i>			

*See accompanying notes to the general purpose financial statements*

<b>Totals (Memorandum Only)</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$3,805,261	\$3,661,521	(\$143,740)
15,000	12,440	(2,560)
480,000	488,244	8,244
1,796	372	(1,424)
<u>4,302,057</u>	<u>4,162,577</u>	<u>(139,480)</u>
1,103,413	1,082,229	21,184
1,286,406	1,283,917	2,489
655,791	481,279	174,512
342,771	189,504	153,267
215,121	214,397	724
330,083	329,008	1,075
451,832	450,410	1,422
<u>4,385,417</u>	<u>4,030,744</u>	<u>354,673</u>
(83,360)	131,833	215,193
903,757	903,757	
12,308	12,308	
<u>\$832,705</u>	<u>\$1,047,898</u>	<u>\$215,193</u>

*(Continued)*

**CITY OF GIRARD  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Proprietary Fund Types</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$3,144,118		\$3,144,118
Tap-In Fees	12,067		12,067
Cash Received from Quasi-External Transactions with Other Funds		517,403	517,403
Cash Payments to Suppliers for Goods and Services	(490,734)		(490,734)
Cash Payments for Contractual Services	(943,949)	(36,124)	(980,073)
Cash Payments for Employee Services and Benefits	(1,049,720)		(1,049,720)
Cash Payments to Deferred Compensation-Agency Fund	(13,502)		(13,502)
Cash Payments for Claims		(481,279)	(481,279)
Other Cash Receipts	372		372
<b><i>Net Cash Provided By Operating Activities</i></b>	<u>658,652</u>		<u>658,652</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
OWDA Loan Proceeds	488,244		488,244
Tap-In Fees	373		373
Principal Payments - Consumers Water Loan	(40,000)		(40,000)
Interest Payments - Consumers Water Loan	(4,960)		(4,960)
Principal Payments - Capital Lease	(5,983)		(5,983)
Interest Payments - Capital Lease	(672)		(672)
Principal Payments - OWDA Loans	(283,025)		(283,025)
Interest Payments - OWDA Loans	(444,778)		(444,778)
Acquisition of Capital Assets	(214,397)		(214,397)
<b><i>Net Cash Used in Capital and Related Financing Activities</i></b>	<u>(505,198)</u>		<u>(505,198)</u>
<b><i>Net Increase in Cash and Cash Equivalents</i></b>	153,454		153,454
Cash and Cash Equivalents Beginning of Year	916,065		916,065
<b><i>Cash and Cash Equivalents End of Year</i></b>	<u>\$1,069,519</u>		<u>\$1,069,519</u>

(continued)

**CITY OF GIRARD  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Proprietary Fund Types</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>			
Operating Income	\$446,771	\$65,997	\$512,768
<i>Adjustments:</i>			
Depreciation	56,768		56,768
<i>Changes in Assets and Liabilities:</i>			
Increase in Account Receivable	(41,639)		(41,639)
Increase/(Decrease) in Liabilities:			
Accounts Payable	(5,786)		(5,786)
Contracts Payable	113,052		113,052
Accrued Wages	960		960
Compensated Absences Payable	28,358		28,358
Intergovernmental Payable	60,168		60,168
Claims Payable		(65,997)	(65,997)
Net Cash Provided by Operating Activities	<u>\$658,652</u>	<u>(65,997)</u>	<u>\$658,652</u>

*See accompanying notes to the general purpose financial statements*

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**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

**1. DESCRIPTION OF THE CITY AND REPORTING ENTITY**

The City of Girard (the "City") was incorporated under the laws of the State of Ohio in 1922, and adopted its first charter in 1922. The Charter provides for a Mayor-Council form of government. The Mayor is elected for a four-year term and Council members are elected at large for four year staggered terms.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Girard, this includes police protection, fire fighting and prevention, street maintenance and repairs, building inspection and wastewater. The operation of each of these activities is directly controlled by Council through the budgetary process.

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

The City participates in the Eastgate Development and Transportation Agency and the Emergency Management Agency jointly governed organizations. These organizations are presented in Note 19 to the combined financial statements.

The Girard City School District has been excluded from the reporting entity because the City is not financially accountable for this organization nor does the City approve the budget, the levying of taxes or the issuance of debt for this organization.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

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

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

CITY OF GIRARD  
TRUMBULL COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997

(Continued)

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**Governmental Fund Types** Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

**General Fund** This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds** These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund** This fund is used to account for the accumulations of resources for, and the payment of long-term debt.

**Capital Projects Funds** These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Proprietary Fund Types** Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following are the City's proprietary fund types:

**Enterprise Funds** These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Internal Service Fund** This fund is used to account for the financing of services provided by onedepartment or agency to other departments or agencies of the City on a cost-reimbursement basis.

CITY OF GIRARD  
TRUMBULL COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997

(Continued)

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

**Fiduciary Fund Types** These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the City's fiduciary fund types:

**Expendable Trust Fund** This fund is accounted for in essentially the same manner as governmental funds.

**Agency Funds** These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**Account Groups** To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group** This account group accounts for all general fixed assets of the City other than those accounted for in proprietary funds.

**General Long-Term Obligations Account Group** This account group accounts for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds.

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

All governmental fund types, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is thirty-one days after year end.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

**(Continued)**

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, State-levied locally shared taxes (including gasoline tax), fines and forfeitures and income tax withheld by employers.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 1997, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable.

**C. Budgetary Process**

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

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

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

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

**(Continued)**

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

The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1997.

**Appropriations** A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant affect on the original appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**Lapsing of Appropriations** At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

**Encumbrances** As part of formal budgetary control, purchases orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. Investment procedures are restricted by the provisions of the Ohio Revised Code. All investment earnings accrue to the general fund except those specifically related to certain special revenue funds.

The City has segregated bank accounts for monies held separate from the City central bank account. These depository accounts are presented in the combined balance sheet as "cash and cash equivalents in segregated accounts."

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with an original maturity of three months or less and cash and investments in the cash management pool are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments. The City has no investments.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

**(Continued)**

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

**E. Inventory**

Inventories of governmental funds are stated at cost while the inventory of the proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental fund which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Since the inventory balance at December 31, 1997 was not significant, an amount was not reported on the combined balance sheet

**F. Interfund Assets and Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

**G. Fixed Assets**

General fixed assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental type funds and capitalized (recorded and accounted for) in the general fixed assets account group. Infrastructure fixed assets such as streets, storm sewers and drains, and traffic signals and signs are not capitalized by the City and are not reported as part of the general fixed assets account group.

Fixed assets utilized in the proprietary funds are capitalized in these funds.

Fixed asset values were initially determined at December 31, 1996, by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not practicably determinable, estimated historical costs were developed. For certain fixed assets, the estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated. The City maintains a capitalization threshold of five hundred dollars.

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 useful life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Depreciation of buildings, equipment, vehicles and water and sewer lines in the proprietary fund types is computed using the straight-line method over the following useful lives:

Buildings	15 - 45 years
Equipment	3 - 20 years
Vehicles	5 years
Water and Sewer Lines	50 years

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

(Continued)

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

Interest is capitalized on proprietary fund assets acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 1997, interest costs incurred on construction projects in the proprietary funds were not material.

**H. Accrued Liabilities and Long-term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources. However, claims, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are considered not to have been made with current expendable available financial resources. Long-term loans and capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**I. Compensated Absences**

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**J. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

**(Continued)**

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

Grants, entitlements or shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

**K. Contributed Capital**

Contributed capital represents resources provided from other funds of the City, other governments, and private sources to enterprise funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on these assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

**L. Fund Equity**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Fund balance reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances.

**M. Estimates**

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

**N. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**3. RESTATEMENT OF PRIOR YEAR'S FUND EQUITY**

For the year ended December 31, 1997, the City has presented for the first time financial statements by fund type and account group in accordance with generally accepted accounting principles.

In conjunction with this presentation, the City has changed its basis of accounting from a cash basis to the modified accrual basis of accounting for its governmental and agency fund types and to the accrual basis for its proprietary funds. This change required that certain adjustments be recorded to the January 1, 1997, fund balances/retained earnings as previously reported to reflect the prior year's effect of adopting these new accounting principles.



**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

(Continued)

**3. RESTATEMENT OF PRIOR YEAR'S FUND EQUITY - (Continued)**

The restatements to the opening fund balances/retained earnings are as follows:

Fund Type/Fund	Previously Stated Balance at 12/31/96	Adjustments	Restated Balance at 1/1/97
<b>Governmental Funds:</b>			
General	\$195,235	(\$39,435)	\$155,800
Special Revenue	321,475	(79,373)	242,102
Debt Service	1,459	19	1,478
Capital Projects	66,706	84,489	151,195
<b>Proprietary Funds:</b>			
Enterprise	949,786	4,569,536	5,519,322
Internal Service	0	(93,062)	(93,062)
<b>Fiduciary Funds:</b>			
Trust	21,809	(16,071)	5,738
Agency	26,407	(26,407)	0

**4. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual -All Governmental Fund Types and Similar Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a relevant comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP).
4. For the proprietary fund, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

(Continued)

**4. BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

**Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types and Similar Trust Fund**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$446	\$35,718	\$0	\$47,975	(\$38)
Net Adjustment for Revenue Accruals	18,425	(111,766)	0	(324,631)	0
Net Adjustment for Expenditure Accruals	(25,148)	82,761	0	358,332	0
Encumbrances	(3,820)	(4,960)	0	(900)	0
Budget Basis	<u>(\$10,097)</u>	<u>\$1,753</u>	<u>\$0</u>	<u>\$80,776</u>	<u>(\$38)</u>

**Net Income (Loss)/Excess of Revenues Over Expenses  
Proprietary Fund Types**

	Enterprise	Internal Service
GAAP Basis	(\$3,639)	\$65,997
Net Adjustment for Revenue Accruals	(41,639)	0
Tap-In Fees	373	0
OWDA Loan Proceeds	488,244	
Net Adjustment for Expense Accruals	196,752	(65,997)
Principal Retirement	(329,008)	0
Capital Outlay	(214,397)	0
Depreciation	56,768	0
Encumbrances	(21,621)	0
Budget Basis	<u>\$131,833</u>	<u>\$0</u>

**5. ACCOUNTABILITY AND COMPLIANCE**

**A. Fund Deficits**

The following funds had deficit fund balances/retained earnings as of December 31, 1997.

Special Revenue Funds:	
Garbage	\$ 68,257
Recreation	2,053
Fire Pension	8,254
Police Pension	8,157
Water Enterprise Fund	313,809
Self Insurance Internal Service Fund	27,065

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

(Continued)

**5. ACCOUNTABILITY AND COMPLIANCE - (Continued)**

The deficits in the special revenue funds arose due to the recognition of accrued liabilities. The general fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur. The deficit in the water enterprise fund resulted from the conversion to generally accepted accounting principles. Management is analyzing the water operations and the internal service fund to determine appropriate steps to eliminate the deficits.

**B. Legal Compliance**

The following funds had total appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

Fund Type/Fund	Estimated Resources	Appropriations	Excess
General Fund:	\$3,987,392	\$4,101,596	(\$114,204)
Special Revenue Funds:			
Street Construction	525,950	557,292	(31,342)
Recreation	117,232	120,900	(3,668)

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Ohio Revised Code:

Fund Type/Fund	Appropriations	Expenditures plus Encumbrances	Excess
Special Revenue Funds:			
Street Permissive Tax:			
Transportation	\$90,000	\$102,730	(\$12,730)
Garbage:			
Basic Utility Service	252,000	295,275	(43,275)
Community Block Grant:			
Community Environment	31,000	121,322	(90,322)
Fire Pension:			
Security of Persons and Property	27,200	29,819	(2,619)
Police Pension:			
Security of Persons and Property	27,200	29,819	(2,619)
Capital Projects Fund:			
Capital Outlay	346,000	726,100	(380,100)
Water Enterprise Fund:			
Contractual Services	927,812	948,625	(20,813)

**6. DEPOSITS AND INVESTMENTS**

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

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

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

**(Continued)**

**6. DEPOSITS AND INVESTMENTS - (Continued)**

Inactive deposits are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States:
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**CITY OF GIRARD  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

(Continued)

**6. DEPOSITS AND INVESTMENTS - (Continued)**

GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements", requires disclosures to help assess actual and potential future deposit and investment market and credit risks. The following information regarding deposits and investments is presented using the categories of risk identified in GASB Statement 3.

**Deposits** At year-end, the carrying amount of the City's deposits was \$2,159,385 and the bank balance was \$2,251,355. \$247,182 of the bank balance was covered by federal depository insurance. \$2,004,173 was uninsured and uncollateralized. The deposits were secured by pooled collateral held by the financial institution in the financial institution's name. All satutory requirements for the deposit of money had been followed. Non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**Investments** Investments are classified under the guidelines of GASB Statement No. 3 into three categories. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name.

Deferred Compensation is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Carrying Value	Market Value
Deferred Compensation	\$601,412	\$601,412

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 which classifies investments with original maturities of three months or less as cash equivalents.

**7. PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property, and tangible personal (used in business) property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. The latest reappraisal in Trumbull County was completed in 1996. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20, unless extended.

Taxes collected from tangible personal property (other than public utility property) in one calendar year are levied in the prior calendar year on assessed values on December 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by single-county taxpayers are due September 20. Multi-county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

(Continued)

**7. PROPERTY TAXES - (Continued)**

Public utility real and tangible personal property tax collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the county including the City of Girard. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 1997, was \$7.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1997 property tax receipts were based are as follows:

Real Property	\$87,660,160
Public Utility Property	2,720,613
Tangible Personal Property	<u>11,503,322</u>
Total Valuation	<u><u>\$101,884,095</u></u>

**8. RECEIVABLES**

Receivables at December 31, 1997, primarily consisted of accounts (billings for user charged services including unbilled utility services), interfund, intergovernmental receivables arising from grants, entitlements and shared revenues and interest on investments. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund:	
Court Fines	\$26,354
Local Government Tax	22,180
Permissive Tax	6,975
Other	1,885
Total General Fund:	<u>57,394</u>
Special Revenue Funds:	
Street Construction	20,432
State Highway	1,657
Health	1,896
Elderly Bus Fare	4,582
Recreation	\$390
Community Block Grant	1,200
Federal Grant Cops	75,000
Indigent Drivers	270
Total Special Revenue Funds	<u>105,427</u>
Capital Projects Funds:	
Capital Projects	2,200
Municipal Computer	8,177
Total Capital Projects Funds	<u>10,377</u>
Total	<u><u>\$173,198</u></u>

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

(Continued)

**9. INCOME TAX**

The City levies a municipal income tax of 2 percent on gross salaries, wages and other personal service compensation earned by residents of the City and on the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a credit up to two percent for taxes paid to other municipalities.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds, after income tax department expenditures, are credited to the following funds: 86.0 percent to the general fund, 6.5 percent to the street repair and maintenance special revenue fund, 4.0 percent to the recreation special revenue fund, 1.0 percent to the cemetery special revenue fund, and 2.5 percent to the capital projects fund.

**10. CONTINGENCIES**

**A. Grants**

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 1997.

**B. Litigation**

The City of Girard is not a party to legal proceedings.

**11. FIXED ASSETS**

Land	\$1,683,800
Buildings	8,895,795
Equipment	94,260
Vehicles	112,031
Water and Sewer Lines	<u>725,033</u>
Total	11,510,919
Less: Accumulated Depreciation	<u>(752,234)</u>
Net Fixed Assets	<u><u>\$10,758,685</u></u>

A summary of changes in general fixed assets follows:

	Balance January 1, 1997	Additions	Deductions	Balance December 31, 1997
Land	\$806,280	\$0	\$21,287	\$784,993
Buildings	445,001	0	0	445,001
Equipment	852,390	174,058	0	1,026,448
Vehicles	<u>1,261,764</u>	<u>95,371</u>	<u>0</u>	<u>1,357,135</u>
Total	<u><u>\$3,365,435</u></u>	<u><u>\$269,429</u></u>	<u><u>\$21,287</u></u>	<u><u>\$3,613,577</u></u>

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

(Continued)

**12. LONG-TERM OBLIGATIONS**

The original issuance amounts for the City's long-term obligations are as follows:

Debt Issue	Interest Rate	Original Issue Amount	Year of Maturity
<b>Enterprise Funds</b>			
Ohio Water Development Authority			
Water Garage	7.51%	\$127,950	1999
Water Distribution	6.36%	441,086	2017
Lakes Project	6.87%	2,513,646	2015
Liberty Water	6.36%	47,158	2017
Sewer Plant	8.48%	4,267,088	2007
Consumers Water Company Loan:	8.00%	62,000	1998

Changes in long-term obligations of the City during 1997 were as follows:

	Outstanding 12/31/96	Additions	(Reductions)	Outstanding 12/31/97
<b>Enterprise Fund Obligations:</b>				
Ohio Water Development Authority Loans				
1990 7.51%				
Water Garage	\$40,985	\$0	\$15,571	\$25,414
1998 6.36%				
Water Distribution	0	441,086	5,767	435,319
1996 6.87%				
Lakes Project	2,418,224	0	68,746	2,349,478
1997 6.36%				
Liberty Water	0	47,158	1,233	45,925
1988 8.48%				
Sewer Plant	3,048,850	0	191,708	2,857,142
Total OWDA	5,508,059	488,244	283,025	5,713,278
Consumers Water Company Loan	62,000	0	40,000	22,000
Capital Leases	12,292	0	5,983	6,309
<i>Total Enterprise Fund Obligations</i>	5,582,351	488,244	329,008	5,741,587
<b>General Long-Term Obligations:</b>				
Compensated Absences	569,382	75,588	1,682	643,288
Intergovernmental Payable	133,822	144,395	133,822	144,395
Fire and Police Pension Liability	323,873	0	3,444	320,429
Capital Leases	339,795	84,200	134,036	289,959
<i>Total General Long-Term Obligations</i>	1,366,872	304,183	272,984	1,398,071
<i>Total All Types</i>	\$6,949,223	\$792,427	\$601,992	\$7,139,658



**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

(Continued)

**12. LONG-TERM OBLIGATIONS- (Continued)**

Compensated absences and intergovernmental payables reported in the accounts will be paid from the fund from which the employees' salaries are paid. The City pays installments on the police and fire pension liability incurred when the State of Ohio established the statewide pension system for police and firemen in 1967. The liability is paid semiannually from the Police Pension and Fire Pension special revenue funds. Payment is made from unvoted property tax revenues. Capital leases were paid from various revenues from the general, special revenue, capital projects, water and sewer enterprise funds. OWDA loans will be paid from water and sewer enterprise fund user service charges. There are monies that have been accumulated in the debt service fund. The City does not intend to use those monies to repay the above mentioned debt.

The City's overall legal debt margin was \$10,697,830 at December 31, 1997. Principal and interest requirements to retire long-term obligations outstanding at December 31, 1997, are as follows:

	Ohio Water Development Authority	Consumers Water Company	Fire and Police Pension Liability
1998	\$880,573	\$23,760	\$17,173
1999	871,249	0	17,173
2000	861,924	0	17,173
2001	861,924	0	17,173
2002	861,924	0	17,173
2003-2007	4,018,007	0	86,865
2008-2012	1,393,490	0	86,865
2013-2017	742,681	0	86,865
2018-2022	0	0	86,865
2023-2027	0	0	86,865
2028-2032	0	0	86,865
2033-2037	0	0	86,865
Total	<u>\$10,491,772</u>	<u>\$23,760</u>	<u>\$693,920</u>

**13. EMPLOYEE BENEFITS**

**A. Deferred Compensation Plan**

City employees and elected officials participate in the Ohio Public Employees Deferred Compensation Program (Ohio Plan). The plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant. The Plan Agreement states that the City and the Ohio Public Employees Deferred Compensation Board have no liability for losses under the plan with the exception of fraud or wrongful taking.

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TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

**(Continued)**

**13. EMPLOYEE BENEFITS - (Continued)**

An agency fund has been established to account for these moneys as prescribed by Governmental Accounting Standards Board Statement No. 2, "Financial Reporting of Deferred Compensation Plans adopted under the Provisions of Internal Revenue Code Section 457." As of December 31, 1997, the amount on deposit with the Ohio Public Employees Deferred Compensation Board was \$601,412 valued at market.

**B. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee hired before January 1, 1990, can be paid a maximum of 960 hours of accumulated, unused sick leave. Employees hired after January 1, 1990, can be paid a maximum of 650 hours. As of December 31, 1997, the liability for unpaid compensated absences was \$798,313 for the entire City.

**14. DEFINED BENEFIT PENSION PLANS**

**A. Public Employees Retirement System**

All City full-time employees, other than Police and Firemen, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 8.44 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 1997, 1996 and 1995 were \$185,095, \$174,496, and \$155,242 respectively. The full amount has been contributed for 1996 and 1995. 78 percent has been contributed for 1997 with the remainder being reported as a liability within the enterprise funds and the general long-term obligations account group.

**B. Police and Firemen's Disability And Pension**

The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (the "Fund"), a cost-sharing multiple-employer public employee retirement system administered by the Fund's Board of Trustees. The Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial information and required supplementary information for the Fund. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

**(Continued)**

**14. DEFINED BENEFIT PENSION PLANS - (Continued)**

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13 percent for police and 17.5 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$117,415 and \$115,745 for the year ended December 31, 1997, \$102,216 and \$113,210 for 1996 and \$100,501 and \$102,140 for 1995. The full amount has been contributed for 1996 and 1995. 71 and 70 percent, respectively, have been contributed for 1997 with the remainder being reported as a liability within the general long-term obligations account group.

In addition to the current contribution, the City pays installments on the accrued liability incurred when the State of Ohio established the Statewide pension system for police and firefighters in 1967. As of December 31, 1997, the unfunded liability of the City was \$320,429, payable in semiannual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

**15. POSTEMPLOYMENT BENEFITS**

**A. Public Employees Retirement System (PERS)**

The Public Employees Retirement System of Ohio (PERS) provides postemployment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1997 employer contribution rate was 13.55 percent of covered payroll; 5.11 percent was the portion that was used to fund health care for the year 1997. Effective January 1, 1998, 4.2 percent of the employer contribution will be used to fund health care.

For 1997, benefits were funded on a pay-as-you-go basis. Prior to 1997, benefits were advanced funded using the entry age normal cost method. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1997, OPEB expenditures made by PERS were \$393,559,827. As of December 31, 1997, the unaudited estimated net assets available for future OPEB payments were \$8,292,570,002. At December 31, 1997, the total number of benefit recipients eligible for OPEB through PERS was 113,906. The City's actual contributions for 1997 which were used to fund OPEB were \$112,066.

**B. Police and Firemen's Disability Pension Fund**

The Police and Firemen's Disability and Pension Fund (the "Fund") provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)

**15. POSTEMPLOYMENT BENEFITS - (Continued)**

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 6.5 percent of covered payroll is applied to the postemployment health care program. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1996, was 17,493 for police and 14,120 for firefighters. The City's actual contributions for 1997 that were used to fund postemployment benefits were \$58,708 for police and \$42,991 for fire. The Fund's total health care expenses for the year ending December 31, 1996, (the latest information available) was \$71,674,335.

**16. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1997, the City contracted with several companies for various types of insurance as follows:

Company	Type	Deductible
Love Insurance, Inc.	Commercial Automobile	\$100
	Fire Vehicle	250
	Law Enforcement	2,500
	Commercial Inland Marine	100
	Commercial Property	250
	Commercial Crime	None
Mutual Insurance Company	Bonds - Employees and Officials	None
Love Insurance, Inc.	General Fire Liability/Rescue	None

Claims have not exceeded this coverage in any of the past three years and there has been no significant reduction in commercial coverage in any of the past three years.

The City has elected to provide medical benefits through a self insured program. The maintenance of these benefits are accounted for in the Hospitalization Internal Service fund. An excess coverage insurance (stop loss) policy covers annual claims in excess of \$100,000 per individual and \$1,000,000 for the City as a whole. Incurred but not reported claims of \$27,065 have been accrued as a liability based on a review of January, 1997 billings provided by the City Auditor's Office.

The claims liability of \$27,065 reported in the internal service funds at December 31, 1997 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the funds' claims liability amounts for 1997 were:

**CITY OF GIRARD  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)

**16. RISK MANAGEMENT - (Continued)**

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1997	\$93,062	\$415,282	\$481,279	\$27,065

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

**17. SEGMENT INFORMATION**

The City's enterprise funds account for the provision of sewer and water services. The table below reflects, in a summarized format, the more significant data relating to the enterprise funds of the City of Girard as of and for the year ended December 31, 1997:

	Sewer Fund	Water Fund	Total
Operating Revenues	\$1,645,507	\$1,552,689	\$3,198,196
Operating Expenses			
Before Depreciation	981,699	1,712,958	2,694,657
Depreciation Expense	5,356	51,412	56,768
Operating Income (Loss)	658,452	(211,681)	446,771
Fixed Asset Additions	321,414	214,397	535,811
Current Capital Contributions	321,141	373	321,514
Net Working Capital	384,631	541,713	926,344
Total Assets	8,948,389	3,165,801	12,114,190
Long-Term Liabilities	2,879,142	2,914,738	5,793,880
Total Equity	5,936,236	7,206	5,943,442
Encumbrances	20,514	1,107	21,621

**18. INTERFUND TRANSACTIONS**

Interfund balances at December 31, 1997, consist of \$44,004 between the general fund and the garbage special revenue fund.

**19. JOINTLY GOVERNED ORGANIZATIONS**

**A. Eastgate Development and Transportation Agency**

The Eastgate Development and Transportation Agency (EDATA) is committed to faster cooperative regional efforts in the planning, programming, and implementation of public sector activities. EDATA has forty-eight participating members. These include representatives from Trumbull County, Mahoning County, township trustees, cities and villages. The operation of EDATA is controlled by a general policy board which consists of a representative from each agency. Funding comes from each of the participants. In 1997, the City contributed \$10,080 to the Eastgate Development and Transportation Agency.

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(Continued)

**19. JOINTLY GOVERNED ORGANIZATIONS - (Continued)**

**B. Emergency Management Agency**

The Emergency Management Agency is a jointly governed organization among the thirty-four subdivisions located within Trumbull County. The eight members of the advisory board are appointed by the thirty-four member subdivisions. The degree of control exercised by any participating government is limited to its representation on the Board. The Agency adopts its own budget, authorizes expenditures and hires and fires its own staff. In 1997, the City contributed \$1,809 to the Emergency Management Agency.

**20. CAPITAL LEASES**

In prior years, the City entered into capitalized leases for the acquisition of computers and vehicles. During 1997, the City entered into a lease agreement for a vehicle which is accounted for on a GAAP basis as a transportation expenditure in the Street Construction Special Revenue Fund, with an offsetting amount reported as an other financing source. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the general purpose financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group in an amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

The following is an analysis of equipment leased under capital leases as of December 31, 1997:

	General Fixed Asset	Enterprise Funds
Equipment	\$667,160	\$29,998
Less: Accumulated Depreciation	0	(18,749)
Carrying Value	\$667,160	\$11,249

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 1997:

<u>Year</u>	General Long-Term Obligation	Enterprise Funds
1998	\$130,023	\$6,654
1999	103,301	0
2000	81,863	0
2001	9,703	0
Total minimum lease payments	324,890	6,654
Less: Amount representing interest	(34,931)	(345)
Present value of minimum lease payments	\$289,959	\$6,309



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Girard  
Trumbull County  
100 W. Main Street  
Girard, Ohio 44420

To the City Council:

We have audited the financial statements of the City of Girard as of and for the year ended December 31, 1997, and have issued our report thereon dated October 21, 2000. Our report on the financial statements included an explanatory paragraph noting the City made certain changes in accounting policies and financial reporting practices in order to present the general purpose financial statements in conformity with generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Girard's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 1997-21178-001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Girard's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Trumbull County  
Report of Independent Accountants on Compliance  
and on Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and City Council and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

October 21, 2000



CITY OF GIRARD  
TRUMBULL COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 1997

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

**Finding # 1997-21178-001**

Section 5705.41(B), Ohio Revised Code, prohibits a subdivision from making an expenditure unless it has been properly appropriated. Expenditures exceeded the appropriations as of December 31, 1997 in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>
Street Permissive	90,000	102,730
Garbage	252,000	295,275
Community Development Block Grant	31,000	121,322
Capital Improvement Safety	157,070	173,962
Capital Improvement Street Utilities	135,000	488,999
Fire Disability and Pension	27,200	29,819
Police Disability and Pension	27,200	29,819
Income Tax	3,005,933	3,015,154

We recommend the City compare actual expenditures to appropriations by line-item and make the necessary modifications to prevent expenditures from exceeding appropriations throughout the fiscal year.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CITY OF GIRARD**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 10, 2001**