

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

Zupka & Associates
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



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City Council
City of Girard
100 West Main Street
Girard, Ohio 44420

We have reviewed the *Independent Auditor's Report* of the City of Girard, Trumbull County, prepared by Zupka & Associates, for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

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

Keith Faber
Auditor of State
Columbus, Ohio

July 30, 2024

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**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-13
Basic Financial Statements:	
Statement of Net Position	15
Statement of Activities	16-17
Balance Sheet - Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual -	
General Fund	22
Street Construction, Maintenance and Repair Fund	23
Statement of Fund Net Position - Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26
Statement of Fiduciary Net Position - Fiduciary Funds	27
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	28
Notes to the Basic Financial Statements	29-74
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability - Ohio Public Employees Retirement System - Traditional Plan - Last Ten Years	76-77
Schedule of the City's Proportionate Share of the Net Pension Asset - Ohio Public Employees Retirement System - Combined Plan - Last Six Years	78-79
Schedule of the City's Proportionate Share of the Net OPEB (Asset) Liability - Ohio Public Employees Retirement System - OPEB Plan - Last Seven Years	80-81
Schedule of the City's Proportionate Share of the Net Pension Liability - Ohio Police and Fire Pension Fund - Last Ten Years	82-83
Schedule of the City's Proportionate Share of the Net OPEB Liability - Ohio Police and Fire Pension Fund - Last Seven Years	84-85
Schedule of the City's Contributions - Ohio Public Employees Retirement System - Last Ten Years	86-87
Schedule of the City's Contributions - Ohio Police and Fire Pension Fund - Last Ten Years	88-89
Notes to the Required Supplementary Information	90-94
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 <i>Government Auditing Standards</i>	95-96
Schedule of Findings and Responses	97-99
Schedule of Prior Audit Findings and Recommendations	100

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INDEPENDENT AUDITOR'S REPORT

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

To the Members of City Council:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Girard, Trumbull County, Ohio, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Girard as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and the Street Construction, Maintenance and Repair Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.



Zupka & Associates
Certified Public Accountants

June 28, 2024

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City of Girard, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

The discussion and analysis of the City of Girard's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Financial highlights for 2023 are as follows:

- The City's overall financial position increased in 2023. Net position for governmental activities decreased mainly due to an increase in the net pension liability as well as to a decrease in net capital assets resulting from current year deletions and depreciation outpacing current year asset additions. The decrease in net position for governmental activities was partially offset by an increase in cash and cash equivalents resulting from careful management of resources. Net position for business-type activities increased due mainly to increases in cash and cash equivalents and accounts receivable related to charges to services as well as to a decrease in long-term debt obligations.
- Capital asset additions consisted of buildings and improvements, purchase of equipment and vehicles and infrastructure improvements related to roads and waterlines.
- The City's long-term debt obligations consist of a liability for police and fire pension, OWDA loans, financed purchases and leases payable.

Using this Annual Financial Report

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

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

Reporting on the City of Girard as a Whole

While this document contains the large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question.

City of Girard, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

These statements include all *assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the *financial position* of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio restricting revenue growth and other factors.

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

Governmental Activities – Most of the City's programs and services are reported here including general government, security of persons and property, public health services, transportation, community development, basic utility services and leisure time activities. These services are funded primarily by taxes and intergovernmental revenues including Federal and State grants and other shared revenues.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

Reporting on the Most Significant Funds of the City of Girard

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The City, 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 City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund and street construction, maintenance and repair special revenue fund.

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

City of Girard, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

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

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's major enterprise funds are the water and sewer funds.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City's internal service fund reports on City department's self insurance programs for vision, dental, prescription drug and hospital/medical benefits.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds include a private purpose trust fund and a custodial fund.

Notes to the Basic Financial Statements The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes provide a supplement to the financial statements.

The City of Girard as a Whole

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2022 as they compare to 2023.

*Note, amounts presented in Table 1 are after deferred inflows and deferred outflows related to the change in internal proportionate share of pension-related items have been eliminated.

City of Girard, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023*	2022
Assets						
Current and Other Assets	\$9,020,134	\$8,219,118	\$14,325,824	\$13,458,759	\$23,345,958	\$21,677,877
Net Pension Asset	11,160	15,097	7,137	12,863	18,297	27,960
Net OPEB Asset	0	280,122	0	238,624	0	518,746
Capital Assets, Net	17,244,144	18,164,840	33,530,179	33,642,752	50,774,323	51,807,592
<i>Total Assets</i>	<u>26,275,438</u>	<u>26,679,177</u>	<u>47,863,140</u>	<u>47,352,998</u>	<u>74,138,578</u>	<u>74,032,175</u>
Deferred Outflows of Resources						
Pension	3,866,847	2,085,679	844,015	308,697	4,593,105	2,394,376
OPEB	740,152	685,056	123,248	2,228	862,733	687,284
Asset Retirement Obligation	0	0	456,426	461,860	456,426	461,860
<i>Total Deferred Outflows of Resources</i>	<u>4,606,999</u>	<u>2,770,735</u>	<u>1,423,689</u>	<u>772,785</u>	<u>5,912,264</u>	<u>3,543,520</u>
Liabilities						
Current Liabilities	1,026,303	1,104,793	607,658	500,534	1,633,961	1,605,327
Long-term Liabilities						
Due within one Year	352,410	365,222	796,265	794,506	1,148,675	1,159,728
Due in More than one Year						
Net Pension Liability	10,519,944	5,594,457	2,059,999	703,260	12,579,943	6,297,717
Net OPEB Liability	611,880	836,682	41,486	0	653,366	836,682
Other Amounts	635,996	679,685	20,511,343	21,193,715	21,147,339	21,873,400
<i>Total Liabilities</i>	<u>13,146,533</u>	<u>8,580,839</u>	<u>24,016,751</u>	<u>23,192,015</u>	<u>37,163,284</u>	<u>31,772,854</u>
Deferred Inflows of Resources						
Property Taxes	1,258,349	1,188,537	0	0	1,258,349	1,188,537
Pension	655,426	3,207,750	121,080	863,993	658,749	4,071,743
OPEB	885,063	1,034,625	14,650	247,422	899,046	1,282,047
<i>Total Deferred Inflows of Resources</i>	<u>2,798,838</u>	<u>5,430,912</u>	<u>135,730</u>	<u>1,111,415</u>	<u>2,816,144</u>	<u>6,542,327</u>
Net Position						
Net Investment in						
Capital Assets	17,137,424	17,961,638	13,501,603	12,731,510	30,639,027	30,693,148
Restricted for:						
Capital Projects	306,807	591,444	0	0	306,807	591,444
State Highway Maintenance	57,256	94,759	0	0	57,256	94,759
Street Resurfacing and						
Traffic Lights	46,509	119,075	0	0	46,509	119,075
Garbage Collection	494,450	418,595	0	0	494,450	418,595
Other Purposes	2,006,534	2,119,582	0	0	2,006,534	2,119,582
Pension and OPEB Plans	11,160	295,219	7,137	251,487	18,297	546,706
Unrestricted (Deficit)	(5,123,074)	(6,162,151)	11,625,608	10,839,356	6,502,534	4,677,205
<i>Total Net Position</i>	<u>\$14,937,066</u>	<u>\$15,438,161</u>	<u>\$25,134,348</u>	<u>\$23,822,353</u>	<u>\$40,071,414</u>	<u>\$39,260,514</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires

City of Girard, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension/OPEB asset/liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB asset/liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension/OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

Total current and other assets for governmental activities increased due mainly to an increase in cash and cash equivalents resulting from cash receipts outpacing cash disbursements from careful management of resources. Net capital assets for governmental activities decreased from the prior year due to annual depreciation and current year deletions exceeding current year additions. Current liabilities decreased slightly due largely to a decrease in unearned revenue related to the American Rescue Plan grants received before eligibility requirements were met. Long-term liabilities increased due to an increase in the net pension liability.

Total current and other assets for business-type activities increased due mainly to an increase in cash and cash equivalents and accounts receivable related to charges for services. Net capital assets decreased slightly due to annual depreciation and current year deletions outpacing current year additions. Total liabilities for business-type activities increased due mostly to an increase in the net pension liability. The increase in liabilities was partially offset by a decrease in long-term debt obligations due to the continued pay-down of debt.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for the years 2023 and 2022.

City of Girard, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for Services and Assessments	\$4,053,154	\$3,376,896	\$8,030,245	\$7,152,069	\$12,083,399	\$10,528,965
Operating Grants and Contributions	1,200,932	1,615,037	0	0	1,200,932	1,615,037
Capital Grants and Contributions	0	150,000	172,978	262,951	172,978	412,951
<i>Total Program Revenues</i>	<u>5,254,086</u>	<u>5,141,933</u>	<u>8,203,223</u>	<u>7,415,020</u>	<u>13,457,309</u>	<u>12,556,953</u>
General Revenues						
Property Taxes	1,231,829	1,116,465	0	0	1,231,829	1,116,465
Municipal Income Taxes	5,248,240	4,216,409	0	0	5,248,240	4,216,409
Local Permissive Taxes	79,594	132,463	0	0	79,594	132,463
Grants and Entitlements not Restricted to Specific Programs	583,745	271,439	0	0	583,745	271,439
Investment Earnings/Interest	336,661	126,857	0	0	336,661	126,857
Other	265,135	444,837	43,237	8,217	308,372	453,054
<i>Total General Revenues</i>	<u>7,745,204</u>	<u>6,308,470</u>	<u>43,237</u>	<u>8,217</u>	<u>7,788,441</u>	<u>6,316,687</u>
<i>Total Revenues</i>	<u>12,999,290</u>	<u>11,450,403</u>	<u>8,246,460</u>	<u>7,423,237</u>	<u>21,245,750</u>	<u>18,873,640</u>
Program Expenses						
General Government	3,751,526	2,904,324	0	0	3,751,526	2,904,324
Security of Persons and Property	6,017,323	4,837,534	0	0	6,017,323	4,837,534
Public Health Services	111,471	105,618	0	0	111,471	105,618
Transportation	2,374,215	2,016,479	0	0	2,374,215	2,016,479
Community Development	299,111	299,111	0	0	299,111	299,111
Basic Utility Services	562,104	562,087	0	0	562,104	562,087
Leisure Time Activities	372,502	454,539	0	0	372,502	454,539
Interest	12,133	27,695	0	0	12,133	27,695
Water	0	0	4,538,752	3,859,257	4,538,752	3,859,257
Sewer	0	0	2,395,713	2,194,774	2,395,713	2,194,774
<i>Total Program Expenses</i>	<u>13,500,385</u>	<u>11,207,387</u>	<u>6,934,465</u>	<u>6,054,031</u>	<u>20,434,850</u>	<u>17,261,418</u>
<i>Change in Net Position</i>	<u>(501,095)</u>	<u>243,016</u>	<u>1,311,995</u>	<u>1,369,206</u>	<u>810,900</u>	<u>1,612,222</u>
Net Position Beginning of the Year	15,438,161	15,195,145	23,822,353	22,453,147	39,260,514	37,648,292
Net Position End of the Year	<u>\$14,937,066</u>	<u>\$15,438,161</u>	<u>\$25,134,348</u>	<u>\$23,822,353</u>	<u>\$40,071,414</u>	<u>\$39,260,514</u>

The overall financial strength and the net position of the City improved in 2023 from 2022 for reasons previously stated. The City also makes a conscious effort to follow its financial plan and live within their financial means.

Governmental Activities

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. The revenue collected from the income tax, less funds necessary to pay the administrative fees for the Regional Income Tax Agency (RITA) and to cover refunds, are receipted into the following funds: the general fund and the garbage fund. For 2023, the amount allocated to the general fund was 97.00 percent and the amount allocated to the garbage fund was 3.00 percent.

City of Girard, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Charges for services increased for governmental activities primarily as a result of an increase in fines, forfeitures, and settlements related to police activities and opioid settlement monies. Operating grants and contributions as well as capital grants and contributions decreased due to the City receiving less federal and state funding for projects in 2023. General revenues increased mainly as a result of increases in income tax revenues and investment earnings due to a change in economic conditions.

The largest governmental activities expenses are normally for the police and fire departments. The police department employs sixteen officers including the police chief and one full-time and five part-time dispatchers. The fire department employs thirteen full-time positions.

The Girard Municipal Court is accounted for within the City of Girard's books. In 2006, the City and the Court entered into litigation over what constitutes "reasonable funding" for the court operations. The City was successful and now has a template to measure budget requests by the Court to determine if they are reasonable.

Business-Type Activities

The City operates two business-type activities, the water and sewer treatment facilities. These two activities generated charges for service revenues of \$5,168,327 from water and \$2,861,918 from the sewer plant facility. Water and sewer expenses for 2023 amounted to \$4,538,752 and \$2,395,713, respectively. For 2023, 6,200 water customers and 4,100 sewer customers were serviced. Approximately 45 million gallons are billed and processed on a monthly basis.

The City's Funds

Information about the City's governmental funds begins with the balance sheet. The funds are accounted for using the modified accrual method of accounting. The general fund balance increased mainly as a result of increases in municipal income taxes, fines, forfeitures and settlements and investment earnings/interest.

Despite a drop in transportation expenditures, the street construction, maintenance and repair special revenue fund saw a decrease in fund balance as expenditures continued to outpace revenues related to intergovernmental gasoline tax and motor vehicle license fees as well as traffic camera fines.

Enterprise funds are handled in the same manner as governmental funds, with the intent to ensure the strength of these funds. These funds had total operating revenue of \$8,073,482 and total operating expenses of \$6,853,463. The City has the power to increase revenue through rate increases. The net position balance of \$25,134,348 shows a strength for these activities.

General Fund Budgeting Highlights

Budgeting for the operations of the City is done as prescribed by Ohio Revised Code. Essentially the budget is the City's appropriations, which is restricted by the amounts of the anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code. In 2023, actual revenues for the general fund were higher than final estimated revenues due largely to higher income tax revenues from withholdings. The City's actual expenditures were lower than final appropriations due mainly to less than anticipated police and fire and general administrative costs attributable to conservative spending.

City of Girard, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Capital Assets and Debt Administration

Capital Assets

Total capital assets for the governmental activities, net of accumulated depreciation and amortization decreased from the prior year as a result of annual depreciation outpacing current year additions. Current year governmental additions included new vehicles for the service department, a brush chipper, a fire/safety trailer, a new roof for the cemetery chapel, gym renovations and street paving improvements.

Total capital assets for the business-type activities, net of accumulated depreciation and amortization decreased from the prior year due to annual depreciation and current year deletions outpacing annual current year additions. Current year additions included a new roof for the water department, a backhoe and infrastructure improvements related to Keefer Road waterline.

See Note 7 to the basic financial statements for additional information on capital assets.

Long-term Obligations

As of December 31, 2023, long-term obligations include financed purchases, OWDA loans, compensated absences, police and fire pensions, net pension liability, net OPEB liability and asset retirement obligations.

The OWDA loan is being paid from sewer revenues and is payable through 2051.

Compensated absences will be paid from the following funds: the general fund, the street construction maintenance and repair special revenue fund and the water and sewer enterprise funds.

GASB 87 establishes lease standards for financed purchased assets as well as leases payable and assets not taken possession of after the lease period concludes. The City of Girard entered into direct placement leases for their copiers. The financed purchase of police and fire radios are being paid from the capital improvement fund.

GASB Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Asset retirement obligations (ARO) of \$1,000,000 associated with the City waste water treatment facilities were estimated by the City engineer.

The City pays semi-annual installments on the police and fire pension liability incurred when the State of Ohio established the State wide pension system for police and firemen in 1967.

The employer pension and OPEB contributions are made from the following funds: general fund, cemetery, street construction, maintenance and repair special revenue funds and the water and the sewer enterprise funds. For more information related to the net pension and net OPEB liabilities, see Notes 13 and 14 to the basic financial statements.

The City of Girard's overall legal debt margin was \$12,812,003 on December 31, 2023. For more information about the City's long-term obligations, see Note 11 to the basic financial statements.

City of Girard, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Current Financial Issues

The Administration provided strong fiscal management, holding general operating expenditures in check while maintaining City services at a high level in 2023.

The challenge for the City is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The City relies heavily on local taxes and has very little industry to support the tax base. Faced with uncertainties, the City is attempting to hold down on expenditures wherever possible, and keep personnel costs in check.

Contacting the City of Girard's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Auditor Julie Coggins at the City of Girard, 100 West Main Street, Girard, Ohio 44420, (330) 545-6843.

Basic Financial Statements

City of Girard, Ohio
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total *
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,197,415	\$3,857,357	\$9,054,772
Cash and Cash Equivalents			
In Segregated Accounts	48,280	0	48,280
Accounts Receivable	222,562	4,053,400	4,275,962
Internal Balances	54,831	(54,831)	0
Intergovernmental Receivable	485,872	6,379,601	6,865,473
Property Taxes Receivable	1,528,736	0	1,528,736
Income Taxes Receivable	1,441,525	0	1,441,525
Local Permissive Taxes Receivable	11,383	0	11,383
Special Assessments Receivable	9,513	13,196	22,709
Prepaid Items	20,017	77,101	97,118
Net Pension Asset (See Note 13)	11,160	7,137	18,297
Nondepreciable Capital Assets	1,114,360	4,387,169	5,501,529
Depreciable Capital Assets, Net	16,129,784	29,143,010	45,272,794
<i>Total Assets</i>	<u>26,275,438</u>	<u>47,863,140</u>	<u>74,138,578</u>
Deferred Outflows of Resources			
Pension	3,866,847	844,015	4,593,105
OPEB	740,152	123,248	862,733
Asset Retirement Obligation	0	456,426	456,426
<i>Total Deferred Outflows of Resources</i>	<u>4,606,999</u>	<u>1,423,689</u>	<u>5,912,264</u>
Liabilities			
Accounts Payable	132,180	105,100	237,280
Contracts Payable	88,435	0	88,435
Accrued Wages	89,988	25,407	115,395
Intergovernmental Payable	85,116	433,425	518,541
Matured Compensated Absences Payable	3,340	3,681	7,021
Accrued Interest Payable	1,949	40,045	41,994
Unearned Revenue	400,000	0	400,000
Claims Payable	225,295	0	225,295
Long-Term Liabilities:			
Due Within One Year	352,410	796,265	1,148,675
Due In More Than One Year:			
Net Pension Liability (See Note 13)	10,519,944	2,059,999	12,579,943
Net OPEB Liability (See Note 14)	611,880	41,486	653,366
Other Amounts	635,996	20,511,343	21,147,339
<i>Total Liabilities</i>	<u>13,146,533</u>	<u>24,016,751</u>	<u>37,163,284</u>
Deferred Inflows of Resources			
Property Taxes	1,258,349	0	1,258,349
Pension	655,426	121,080	658,749
OPEB	885,063	14,650	899,046
<i>Total Deferred Inflows of Resources</i>	<u>2,798,838</u>	<u>135,730</u>	<u>2,816,144</u>
Net Position			
Net Investment in Capital Assets	17,137,424	13,501,603	30,639,027
Restricted for:			
Capital Projects	306,807	0	306,807
State Highway Maintenance	57,256	0	57,256
Street Resurfacing and Traffic Lights	46,509	0	46,509
Garbage Collection	494,450	0	494,450
Other Purposes	2,006,534	0	2,006,534
Pension Plans	11,160	7,137	18,297
Unrestricted (Deficit)	(5,123,074)	11,625,608	6,502,534
<i>Total Net Position</i>	<u>\$14,937,066</u>	<u>\$25,134,348</u>	<u>\$40,071,414</u>

* After deferred inflows and deferred outflows related to the change in internal proportionate share of pension-related items have been eliminated.

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Activities
For the Year Ended December 31, 2023

	Expenses	Program Revenues		
		Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$3,751,526	\$1,551,812	\$210,854	\$0
Security of Persons and Property	6,017,323	2,398,932	55,230	0
Public Health Services	111,471	70,068	3,510	0
Transportation	2,374,215	0	842,595	0
Community Development	299,111	0	0	0
Basic Utility Services	562,104	0	61,139	0
Leisure Time Activities	372,502	32,342	27,604	0
Interest	12,133	0	0	0
<i>Total Governmental Activities</i>	<u>13,500,385</u>	<u>4,053,154</u>	<u>1,200,932</u>	<u>0</u>
Business-Type Activities:				
Water	4,538,752	5,168,327	0	146,790
Sewer	2,395,713	2,861,918	0	26,188
<i>Total Business-Type Activities</i>	<u>6,934,465</u>	<u>8,030,245</u>	<u>0</u>	<u>172,978</u>
<i>Total</i>	<u>\$20,434,850</u>	<u>\$12,083,399</u>	<u>\$1,200,932</u>	<u>\$172,978</u>

General Revenues

Property Taxes Levied for:
General Purposes
Garbage
Fire
Police
Cemetery
Senior Services
Income Taxes Levied for:
General Purposes
Garbage
Local Permissive Taxes
Grants and Entitlements not Restricted
to Specific Programs
Investment Earnings/Interest
Other

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$1,988,860)	\$0	(\$1,988,860)
(3,563,161)	0	(3,563,161)
(37,893)	0	(37,893)
(1,531,620)	0	(1,531,620)
(299,111)	0	(299,111)
(500,965)	0	(500,965)
(312,556)	0	(312,556)
(12,133)	0	(12,133)
(8,246,299)	0	(8,246,299)
0	776,365	776,365
0	492,393	492,393
0	1,268,758	1,268,758
(8,246,299)	1,268,758	(6,977,541)
241,112	0	241,112
415,670	0	415,670
334,513	0	334,513
34,972	0	34,972
23,313	0	23,313
182,249	0	182,249
5,094,953	0	5,094,953
153,287	0	153,287
79,594	0	79,594
583,745	0	583,745
336,661	0	336,661
265,135	43,237	308,372
7,745,204	43,237	7,788,441
(501,095)	1,311,995	810,900
15,438,161	23,822,353	39,260,514
\$14,937,066	\$25,134,348	\$40,071,414

City of Girard, Ohio

*Balance Sheet
Governmental Funds
December 31, 2023*

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,530,758	\$1,073,788	\$1,535,990	\$5,140,536
Cash and Cash Equivalents In Segregated Accounts	22,252	0	26,028	48,280
Receivables:				
Property Taxes	337,869	0	1,190,867	1,528,736
Income Taxes	1,398,279	0	43,246	1,441,525
Local Permissive Taxes Accounts	0 34,140	0 16,671	11,383 171,751	11,383 222,562
Intergovernmental	81,221	306,058	98,593	485,872
Special Assessments	9,513	0	0	9,513
Interfund Receivable	6,040	0	11,025	17,065
Prepaid Items	15,017	5,000	0	20,017
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	55,845	0	0	55,845
Total Assets	\$4,490,934	\$1,401,517	\$3,088,883	\$8,981,334
Liabilities				
Accounts Payable	\$78,841	\$51,564	\$1,775	\$132,180
Contracts Payable	88,435	0	0	88,435
Accrued Wages	75,988	10,403	3,597	89,988
Intergovernmental Payable	72,557	9,701	2,858	85,116
Matured Compensated Absences Payable	1,670	1,670	0	3,340
Interfund Payable	151,110	24,339	12,080	187,529
Unearned Revenue	0	0	400,000	400,000
Total Liabilities	468,601	97,677	420,310	986,588
Deferred Inflows of Resources				
Property Taxes	278,110	0	980,239	1,258,349
Unavailable Revenue	1,087,269	254,556	475,264	1,817,089
Total Deferred Inflows of Resources	1,365,379	254,556	1,455,503	3,075,438
Fund Balances				
Nonspendable	70,862	5,000	0	75,862
Restricted	3,327	1,044,284	1,211,070	2,258,681
Committed	0	0	2,000	2,000
Assigned	687,206	0	0	687,206
Unassigned	1,895,559	0	0	1,895,559
Total Fund Balances	2,656,954	1,049,284	1,213,070	4,919,308
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$4,490,934	\$1,401,517	\$3,088,883	\$8,981,334

See accompanying notes to the basic financial statements

City of Girard, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2023*

Total Governmental Fund Balances \$4,919,308

*Amounts reported for governmental activities in the
 statement of net position are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 17,244,144

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	270,387
Income Taxes	1,026,842
Fines, Forfeitures and Settlements	139,338
Intergovernmental	371,009
Special Assessments	9,513

Total 1,817,089

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included as part of governmental activities in the statement of net position. 1,034

In the statement of activities, interest is accrued on outstanding bonds and financed purchases, whereas in governmental funds, an interest expenditure is reported when due. (1,949)

The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds:

Net Pension Asset	11,160
Deferred Outflows - Pension	3,866,847
Deferred Outflows - OPEB	740,152
Net Pension Liability	(10,519,944)
Net OPEB Liability	(611,880)
Deferred Inflows - Pension	(655,426)
Deferred Inflows - OPEB	(885,063)

Total (8,054,154)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Lease Payable	(11,265)
Financed Purchase	(95,455)
Compensated Absences	(727,691)
Police and Fire Pension Loan	(153,995)

Total (988,406)

Net Position of Governmental Activities \$14,937,066

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$225,624	\$0	\$955,176	\$1,180,800
Municipal Income Taxes	5,096,982	0	153,624	5,250,606
Local Permissive Taxes	0	0	139,950	139,950
Special Assessments	9,678	0	0	9,678
Charges for Services	0	0	63,145	63,145
Fees, Licenses and Permits	318,401	0	90,153	408,554
Fines, Forfeitures and Settlements	2,155,246	446,873	820,152	3,422,271
Intergovernmental	705,808	782,704	418,823	1,907,335
Investment Earnings/Interest	336,654	0	7	336,661
Rentals	6,908	0	0	6,908
Contributions and Donations	0	0	767	767
Other	144,725	2,365	36,459	183,549
<i>Total Revenues</i>	<u>9,000,026</u>	<u>1,231,942</u>	<u>2,678,256</u>	<u>12,910,224</u>
Expenditures				
Current:				
General Government	2,891,200	0	507,127	3,398,327
Security of Persons and Property	4,514,486	183,581	771,740	5,469,807
Public Health Services	41,112	0	92,481	133,593
Transportation	29,557	1,218,262	252,551	1,500,370
Basic Utility Services	0	0	554,241	554,241
Leisure Time Activities	192,275	0	208,580	400,855
Capital Outlay	0	0	598,227	598,227
Debt Service:				
Principal Retirement	5,626	0	55,336	60,962
Interest	429	0	12,403	12,832
<i>Total Expenditures</i>	<u>7,674,685</u>	<u>1,401,843</u>	<u>3,052,686</u>	<u>12,129,214</u>
<i>Excess of Revenues</i> <i>Over (Under) Expenditures</i>	1,325,341	(169,901)	(374,430)	781,010
Other Financing Sources (Uses)				
Sale of Capital Assets	20,505	0	0	20,505
<i>Net Change in Fund Balances</i>	1,345,846	(169,901)	(374,430)	801,515
<i>Fund Balances Beginning of Year</i>	<u>1,311,108</u>	<u>1,219,185</u>	<u>1,587,500</u>	<u>4,117,793</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,656,954</u></u>	<u><u>\$1,049,284</u></u>	<u><u>\$1,213,070</u></u>	<u><u>\$4,919,308</u></u>

See accompanying notes to the basic financial statements

City of Girard, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023*

Net Change in Fund Balances - Total Governmental Funds	\$801,515
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlay in the current period:	
Capital Asset Additions	920,683
Depreciation/Amortization	<u>(1,812,757)</u>
Total	(892,074)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	
	(28,622)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Delinquent Property Taxes	51,029
Income Taxes	(2,366)
Local Permissive Taxes	(60,356)
Fines, Forfeitures and Settlements	139,338
Intergovernmental	(123,425)
Special Assessments	<u>3,260</u>
Total	7,480
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
Pension	685,724
OPEB	<u>10,782</u>
Total	696,506
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension expense in the statement of activities:	
Pension	(1,281,656)
OPEB	<u>138,556</u>
Total	(1,143,100)
Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	60,962
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	
	699
Some expenses, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
	<u>(4,461)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$501,095)</u></u>

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$195,351	\$195,351	\$225,624	\$30,273
Municipal Income Taxes	4,072,275	4,160,075	4,956,850	796,775
Fees, Licenses and Permits	295,657	295,657	316,511	20,854
Fines, Forfeitures and Settlements	1,790,589	1,775,589	1,932,699	157,110
Intergovernmental	618,057	618,057	694,994	76,937
Interest	297,449	297,449	336,654	39,205
Rentals	6,953	6,953	7,869	916
Other	335,127	335,127	222,698	(112,429)
<i>Total Revenues</i>	7,611,458	7,684,258	8,693,899	1,009,641
Expenditures				
Current:				
General Government	3,291,744	3,407,166	2,935,028	472,138
Security of Persons and Property	4,650,051	4,998,750	4,336,263	662,487
Public Health Services	35,475	35,940	33,699	2,241
Transportation	31,400	31,800	29,457	2,343
<i>Total Expenditures</i>	8,008,670	8,473,656	7,334,447	1,139,209
<i>Excess of Revenues Over (Under) Expenditures</i>	(397,212)	(789,398)	1,359,452	2,148,850
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	20,505	20,505
<i>Net Change in Fund Balance</i>	(397,212)	(789,398)	1,379,957	2,169,355
<i>Fund Balance Beginning of Year</i>	966,766	966,766	966,766	0
Prior Year Encumbrances Appropriated	75,123	75,123	75,123	0
<i>Fund Balance End of Year</i>	\$644,677	\$252,491	\$2,421,846	\$2,169,355

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2023

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Fines, Forfeitures and Settlements	\$456,766	\$456,766	\$458,952	\$2,186
Intergovernmental	1,000,000	1,000,000	779,774	(220,226)
Other	2,365	2,365	2,365	0
<i>Total Revenues</i>	<u>1,459,131</u>	<u>1,459,131</u>	<u>1,241,091</u>	<u>(218,040)</u>
Expenditures				
Current:				
Security of Persons and Property	183,581	183,581	183,581	0
Transportation	1,735,434	1,813,975	1,295,903	518,072
<i>Total Expenditures</i>	<u>1,919,015</u>	<u>1,997,556</u>	<u>1,479,484</u>	<u>518,072</u>
<i>Net Change in Fund Balance</i>	(459,884)	(538,425)	(238,393)	300,032
<i>Fund Balance Beginning of Year</i>	1,139,459	1,139,459	1,139,459	0
Prior Year Encumbrances Appropriated	<u>31,134</u>	<u>31,134</u>	<u>31,134</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$710,709</u></u>	<u><u>\$632,168</u></u>	<u><u>\$932,200</u></u>	<u><u>\$300,032</u></u>

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2023

	Enterprise			Internal Service
	Water	Sewer	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$1,975,497	\$1,881,860	\$3,857,357	\$1,034
Intergovernmental Receivable	0	6,379,601	6,379,601	0
Accounts Receivable	2,587,119	1,466,281	4,053,400	0
Special Assessments Receivable	8,423	4,773	13,196	0
Prepaid Items	23,972	53,129	77,101	0
Interfund Receivable	0	0	0	225,295
<i>Total Current Assets</i>	<u>4,595,011</u>	<u>9,785,644</u>	<u>14,380,655</u>	<u>226,329</u>
<i>Noncurrent Assets:</i>				
<i>Restricted Assets:</i>				
Net Pension Asset	3,110	4,027	7,137	0
Nondepreciable Capital Assets	1,687,169	2,700,000	4,387,169	0
Depreciable Capital Assets, Net	3,789,935	25,353,075	29,143,010	0
<i>Total Noncurrent Assets</i>	<u>5,480,214</u>	<u>28,057,102</u>	<u>33,537,316</u>	<u>0</u>
<i>Total Assets</i>	<u>10,075,225</u>	<u>37,842,746</u>	<u>47,917,971</u>	<u>226,329</u>
Deferred Outflows of Resources				
Pension	367,717	476,298	844,015	0
OPEB	53,724	69,524	123,248	0
Asset Retirement Obligation	0	456,426	456,426	0
<i>Total Deferred Outflows of Resources</i>	<u>421,441</u>	<u>1,002,248</u>	<u>1,423,689</u>	<u>0</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	82,521	22,579	105,100	0
Accrued Wages	11,195	14,212	25,407	0
Intergovernmental Payable	416,008	17,417	433,425	0
Matured Compensated Absences Payable	1,670	2,011	3,681	0
Interfund Payable	22,169	32,662	54,831	0
Accrued Interest Payable	0	40,045	40,045	0
Compensated Absences Payable	30,616	72,440	103,056	0
Lease Payable	3,004	0	3,004	0
OWDA Loans Payable	0	690,205	690,205	0
Claims Payable	0	0	0	225,295
<i>Total Current Liabilities</i>	<u>567,183</u>	<u>891,571</u>	<u>1,458,754</u>	<u>225,295</u>
<i>Long-Term Liabilities (net of current portion):</i>				
Compensated Absences Payable	53,998	121,978	175,976	0
Lease Payable	2,835	0	2,835	0
OWDA Loans Payable	0	19,332,532	19,332,532	0
Net Pension Liability	897,949	1,162,050	2,059,999	0
Net OPEB Liability	18,084	23,402	41,486	0
Asset Retirement Obligation Liability	0	1,000,000	1,000,000	0
<i>Total Long-Term Liabilities</i>	<u>972,866</u>	<u>21,639,962</u>	<u>22,612,828</u>	<u>0</u>
<i>Total Liabilities</i>	<u>1,540,049</u>	<u>22,531,533</u>	<u>24,071,582</u>	<u>225,295</u>
Deferred Inflows of Resources				
Pension	33,206	87,874	121,080	0
OPEB	6,267	8,383	14,650	0
<i>Total Deferred Inflows of Resources</i>	<u>39,473</u>	<u>96,257</u>	<u>135,730</u>	<u>0</u>
Net Position				
Net Investment in Capital Assets	5,471,265	8,030,338	13,501,603	0
Restricted for Pension Plans	3,110	4,027	7,137	0
Unrestricted	3,442,769	8,182,839	11,625,608	1,034
<i>Total Net Position</i>	<u>\$8,917,144</u>	<u>\$16,217,204</u>	<u>\$25,134,348</u>	<u>\$1,034</u>

See accompanying notes to the basic financial statements

City of Girard, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2023*

	Enterprise			Internal Service
	Water	Sewer	Total	
Operating Revenues				
Charges for Services	\$5,162,571	\$2,857,443	\$8,020,014	\$2,259,958
Special Assessments	5,756	4,475	10,231	0
Other	43,237	0	43,237	81,586
<i>Total Operating Revenues</i>	<u>5,211,564</u>	<u>2,861,918</u>	<u>8,073,482</u>	<u>2,341,544</u>
Operating Expenses				
Personal Services	855,029	1,100,561	1,955,590	0
Materials and Supplies	833,283	381,943	1,215,226	0
Contractual Services	2,684,099	408,306	3,092,405	393,483
Depreciation	119,028	423,979	543,007	0
Claims	0	0	0	1,948,061
Other	47,090	145	47,235	0
<i>Total Operating Expenses</i>	<u>4,538,529</u>	<u>2,314,934</u>	<u>6,853,463</u>	<u>2,341,544</u>
<i>Operating Income (Loss)</i>	673,035	546,984	1,220,019	0
Non-Operating Revenues (Expenses)				
Interest	(223)	(80,779)	(81,002)	0
<i>Income (Loss) before Capital Contributions</i>	672,812	466,205	1,139,017	0
Capital Contributions	146,790	26,188	172,978	0
<i>Change in Net Position</i>	819,602	492,393	1,311,995	0
<i>Net Position Beginning of Year</i>	<u>8,097,542</u>	<u>15,724,811</u>	<u>23,822,353</u>	<u>1,034</u>
<i>Net Position End of Year</i>	<u><u>\$8,917,144</u></u>	<u><u>\$16,217,204</u></u>	<u><u>\$25,134,348</u></u>	<u><u>\$1,034</u></u>

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Enterprise			Internal Service
	Water	Sewer	Total	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities				
Cash Received from Customers	\$4,133,674	\$2,350,400	\$6,484,074	\$0
Cash Received from Interfund Services Provided	0	0	0	2,109,608
Special Assessments	8,423	4,773	13,196	0
Other Operating Revenues	43,237	0	43,237	81,586
Cash Payments to Employees for Services	(590,948)	(793,056)	(1,384,004)	0
Cash Payments for Goods and Services	(3,209,295)	(807,748)	(4,017,043)	(393,483)
Cash Payments for Claims	0	0	0	(1,797,711)
Cash Payments for Interfund Services Provided	(242,805)	(289,078)	(531,883)	0
Other Cash Payments	(47,390)	(145)	(47,535)	0
Net Cash Provided by (Used for) Operating Activities	94,896	465,146	560,042	0
Cash Flows from Capital and Related Financing Activities				
Capital Contributions	156,080	249,506	405,586	0
Principal Paid on OWDA Loan	0	(687,452)	(687,452)	0
Interest Paid on OWDA Loan	0	(82,154)	(82,154)	0
Principal Paid on Lease	(2,915)	0	(2,915)	0
Interest Paid on Lease	(223)	0	(223)	0
Payments for Capital Acquisitions	(604,683)	(18,050)	(622,733)	0
Net Cash Provided by (Used for) Capital and Related Financing Activities	(451,741)	(538,150)	(989,891)	0
Net Increase (Decrease) in Cash and Cash Equivalents	(356,845)	(73,004)	(429,849)	0
Cash and Cash Equivalents Beginning of Year	2,332,342	1,954,864	4,287,206	1,034
Cash and Cash Equivalents End of Year	\$1,975,497	\$1,881,860	\$3,857,357	\$1,034
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$673,035	\$546,984	\$1,220,019	\$0
Adjustments:				
Depreciation	119,028	423,979	543,007	0
<i>(Increase) Decrease in Assets and Deferred Outflows:</i>				
Accounts Receivable	(1,028,897)	(507,043)	(1,535,940)	0
Special Assessments Receivable	2,667	298	2,965	0
Prepaid Items	(1,410)	(17,229)	(18,639)	0
Interfund Receivable	0	0	0	(150,350)
Net Pension Asset	385	621	1,006	0
Deferred Outflows - Pension	159,964	207,249	367,213	0
Deferred Outflows - OPEB	37,758	48,982	86,740	0
Deferred Outflows - Asset Retirement Obligation	0	5,434	5,434	0
<i>Increase (Decrease) in Liabilities and Deferred Inflows:</i>				
Accounts Payable	54,975	(14,251)	40,724	0
Accrued Wages	72	662	734	0
Matured Compensated Absences Payable	1,670	2,011	3,681	0
Compensated Absences Payable	7,594	2,160	9,754	0
Intergovernmental Payable	253,552	2,107	255,659	0
Interfund Payable	(1,106)	23,198	22,092	0
Net Pension Liability	36,776	56,950	93,726	0
Net OPEB Liability	(947)	(1,226)	(2,173)	0
Deferred Inflows - Pension	(151,323)	(226,388)	(377,711)	0
Deferred Inflows - OPEB	(68,897)	(89,352)	(158,249)	0
Claims Payable	0	0	0	150,350
Total Adjustments	(578,139)	(81,838)	(659,977)	0
Net Cash Provided by (Used for) Operating Activities	\$94,896	\$465,146	\$560,042	\$0

Noncash Capital Financing Activities

At December 31, 2022, the City had contracts payable related to the acquisition of capital assets of \$192,299 in the sewer fund.

At December 31, 2022, the City had intergovernmental receivables related to capital contributions of \$9,290 and \$6,602,919 in the water and sewer funds, respectively.

At December 31, 2023, the City had intergovernmental receivables related to capital contributions of \$6,379,601 in the sewer fund.

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	Private Purpose Trust	Custodial Fund
	Memorial	Court
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,043	\$18,569
Cash and Cash Equivalents in Segregated Accounts	0	71,035
<i>Total Assets</i>	1,043	89,604
Liabilities		
Intergovernmental Payable	0	89,604
Net Position		
Held in Trust for Endowment	\$1,043	\$0

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023

	Private Purpose Trust	Custodial Fund
	Memorial	Court
Additions		
Fines and Forfeitures for Other Governments	\$0	\$1,040,693
Deductions		
Fines and Forfeitures Distributions to Other Governments	0	1,040,693
Miscellaneous	60	0
<i>Total Deductions</i>	60	1,040,693
<i>Change in Net Position</i>	(60)	0
<i>Net Position Beginning of Year</i>	1,103	0
<i>Net Position End of Year</i>	\$1,043	\$0

See accompanying notes to the basic financial statements

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Note 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. The City operates under a Mayor-Council form of government. The Mayor is elected for a four-year term and Council members are elected at large for two year staggered terms.

Reporting Entity

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

In 2023, there was one component unit of the City, the Girard Community Improvement Corporation (the “CIC”). The CIC is governed by a Board of Trustees. For financial reporting purposes, the CIC is reported as if it were part of the City’s operations because its purpose is to assist the City in advancing, encouraging and promoting the industrial, economic, commercial and civic development within the City, and the City is able to significantly influence the programs or services performed or provided by the organization. The CIC is presented as a blended component unit with additional information in Note 20. Complete financial statements for the CIC may be obtained from the City’s Finance department.

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.

The City participates in the Eastgate Regional Council of Governments and the Regional Income Tax Agency which are defined as jointly governed organizations. These organizations are presented in Note 15 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund accounts for and reports all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the City of Girard and/or the general laws of Ohio.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Street Construction, Maintenance and Repair Fund – The street construction, maintenance and repair fund accounts for and reports ninety-two and one half percent of the State gasoline tax and motor vehicle registration fees restricted for street maintenance and repair.

The other governmental funds of the City account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for and report any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Fund - The water fund accounts for and reports revenues generated from the charges for distribution of water to the residential and commercial users located within the City.

Sewer Fund - The sewer fund accounts for and reports sewer services to City individuals and commercial users in the City. The costs of providing these services are financed primarily through user charges.

Internal Service Funds Internal service funds account for and report the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is a health fund that accounts for vision, dental, prescription drug and hospital/medical claims of the City employees.

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 employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The City's only trust fund is a private-purpose trust which accounts for the perpetual care and maintenance of specific burial plots in the City's cemetery through an endowment. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The liabilities represent amounts where no further action is needed to release the assets to other governments.

The City's fiduciary fund is a custodial fund. The City's custodial fund accounts for amounts collected and distributed by the municipal court.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds and custodial funds.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statement for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported in the government-wide statement of net position for pension, OPEB and asset retirement obligations. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systematic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, fines, forfeitures and settlements, special assessments and intergovernmental local and state monies and homestead and rollback. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

Pensions/Other Postemployment Benefits (OPEB)

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are reported as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City Treasury.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Investment earnings/interest revenue credited to the general fund during 2023 amount to \$336,654, which includes \$240,170 assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent unclaimed monies. Restricted assets in the enterprise funds represent amounts held in trust by the pension plans for future benefits.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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 enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$1,000 with the exception of land as land was included regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated or amortized except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation and amortization are computed using the straight-line method over the following useful lives:

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	15 - 45 years	15 - 45 years
Furniture and Equipment	3 - 15 years	3 - 15 years
Vehicles	15 years	15 years
Water and Sewer Lines	N/A	50 years
Streets, Sidewalks and Curbs	50 years	N/A
Intangible Right to Use - Equipment	5 years	5 years

The City reports infrastructure consisting of streets, sidewalks and curbs and includes infrastructure acquired prior to December 31, 1980.

The City is reporting intangible right to use assets related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables.” Interfund balances amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Deferred inflows of resources and deferred outflows of resources from the change in internal proportionate share related to pension items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position.

Leases Payable

The City serves as a lessee in various noncancellable leases. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive the compensation are attributable 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 all accumulated unused vacation time when earned for all employees.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee's wage rates at year end, taking into consideration any limits in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after ten years of service.

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees who have resigned or retired will be paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Financed purchases, leases and long-term loans are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balances for recreation, health, rental inspection and reimbursements. City Council also assigned fund balance to cover a gap between estimated revenues and appropriations in 2024's budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for pension plans represents the corresponding restricted asset amounts held in trust by the pension plans for future benefits. Net position restricted for other purposes include resources restricted for senior services, the community housing improvement program and cemetery maintenance.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer services and self insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Revenues and expenses which do not meet these definitions are reported as non-operating.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The City recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets from the governmental funds and from outside contributions of resources restricted to capital acquisition.

Estimates

The preparation of the 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 may differ from those estimates.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level by department for all funds. Budgetary modification may only be made by resolution of the City Council at the legal level of control. Authority to further allocate Council appropriations within the object level has been given to the City Auditor.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Settlement Monies

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Subsequently, settlements have been reached with other distributors. As contingencies related to timing and measurement are resolved, a receivable will be reported in accompanying financial statements as a part of accounts receivable. As a participating subdivision, the City reported \$140,360 as a receivable related to opioid settlement monies in the OneOhio Special Revenue Fund in the accompanying financial statements.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Note 3 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual for the general and major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
4. Budgetary revenues and expenditures of the health and recreation funds are classified to the general fund for GAAP reporting.

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the general and major special revenue fund are as follows:

Net Change in Fund Balances		
	General	Street Construction Maintenance and Repair
GAAP Basis	\$1,345,846	(\$169,901)
Net Adjustment for Revenue Accruals	(81,341)	9,149
Perspective Difference:		
Health	39,701	0
Recreation	(22,833)	0
Net Adjustment for Expenditures Accruals	131,112	63,947
Encumbrances	(32,528)	(141,588)
Budget Basis	\$1,379,957	(\$238,393)

Note 4 - Deposits and Investments

Monies held by the City are classified by State statute into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the City treasury. Active 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, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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

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

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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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.

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.

The City may also invest monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons;
3. Obligations of the City.

Note 5 - Receivables

Receivables at December 31, 2023, consisted primarily of municipal income taxes, property taxes, local permissive taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments and accounts.

All receivables, except property and income taxes, are expected to be received within one year. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant and collected within one year. All special assessments are expected to be collected within one year and none are delinquent.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2022 real property taxes were levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

The full tax rate for all City operations for the year ended December 31, 2023, was \$13.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2023 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$93,300,240
Other Real Estate	21,442,600
Tangible Personal Property	
Public Utility	7,275,460
Total Assessed Values	\$122,018,300

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2023, and for which there was an enforceable legal claim.

In governmental funds, the portion of the receivable not levied to finance 2023 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

The City levies a municipal income tax of two 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 the amount owed for taxes paid to other municipalities.

The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 1.62 percent. 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. For 2023, the amount allocated to the general fund was 97.00 percent and the amount allocated to the garbage fund was 3.00 percent.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Gasoline and Municipal Cents per Gallon	\$282,982
Homestead and Rollback	95,814
EPA Reimbursement Grant	53,675
Motor Vehicle License Tax	43,477
Tire Grant	4,083
Trumbull County	3,229
State of Ohio Liquor Fees	1,991
OVI Reimbursement	365
Girard Court - IDATA	256
Total Governmental Activities	\$485,872

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

At December 31, 2023, the City had an intergovernmental receivable of \$6,379,601 in the sewer enterprise fund for debt.

Note 6 - Fund Balances

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

Fund Balances	General	Street Construction Maintenance and Repair	Other Governmental Funds	Total
<i>Nonspendable</i>				
Prepays	\$15,017	\$5,000	\$0	\$20,017
Unclaimed Monies	55,845	0	0	55,845
<i>Total Nonspendable</i>	<u>70,862</u>	<u>5,000</u>	<u>0</u>	<u>75,862</u>
<i>Restricted for</i>				
General Government	0	0	170,610	170,610
Public Safety	3,327	0	20,132	23,459
Police Pension	0	0	34,393	34,393
Fire Pension	0	0	26,359	26,359
Senior Activities	0	0	4,882	4,882
Street Maintenance	0	1,044,284	83,126	1,127,410
Garbage Disposal	0	0	348,034	348,034
Public Health and Welfare	0	0	114,649	114,649
Community Development	0	0	69,230	69,230
Opioid Settlement	0	0	32,767	32,767
Debt Service	0	0	81	81
Capital Improvements	0	0	306,807	306,807
<i>Total Restricted</i>	<u>3,327</u>	<u>1,044,284</u>	<u>1,211,070</u>	<u>2,258,681</u>
<i>Committed to</i>				
Other Purposes	0	0	2,000	2,000
<i>Assigned to</i>				
2024 Operations	495,634	0	0	495,634
Purchases on Order:				
General Government	9,670	0	0	9,670
Security of Persons and Property	7,599	0	0	7,599
Recreation	78,535	0	0	78,535
Health	49,740	0	0	49,740
Rental Inspection	3,149	0	0	3,149
Reimbursements	42,879	0	0	42,879
<i>Total Assigned</i>	<u>687,206</u>	<u>0</u>	<u>0</u>	<u>687,206</u>
<i>Unassigned</i>	<u>1,895,559</u>	<u>0</u>	<u>0</u>	<u>1,895,559</u>
<i>Total Fund Balances</i>	<u>\$2,656,954</u>	<u>\$1,049,284</u>	<u>\$1,213,070</u>	<u>\$4,919,308</u>

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Note 7 - Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023
Business-type Activities:				
<i>Nondepreciable Capital Assets</i>				
Land	\$4,387,169	\$0	\$0	\$4,387,169
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Buildings	28,741,368	0	0	28,741,368
Buildings Improvements	3,551,375	14,490	0	3,565,865
Furniture and Equipment	2,121,199	168,082	(14,075)	2,275,206
Vehicles	838,072	0	0	838,072
Infrastructure	2,559,998	247,862	0	2,807,860
<i>Total Tangible Assets</i>	37,812,012	430,434	(14,075)	38,228,371
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	11,584	0	0	11,584
<i>Total Depreciable Capital Assets</i>	37,823,596	430,434	(14,075)	38,239,955
<i>Less: Accumulated depreciation/amortization</i>				
<i>Depreciation</i>				
Buildings	(3,217,925)	(314,115)	0	(3,532,040)
Buildings Improvements	(3,000,209)	(59,399)	0	(3,059,608)
Furniture and Equipment	(995,211)	(72,531)	14,075	(1,053,667)
Vehicles	(422,675)	(37,890)	0	(460,565)
Infrastructure	(929,163)	(56,157)	0	(985,320)
<i>Total Depreciation</i>	(8,565,183)	(540,092)	14,075	(9,091,200)
<i>Amortization</i>				
Intangible Right to Use - Equipment	(2,830)	(2,915)	0	(5,745)
<i>Total Accumulated Depreciation/Amortization</i>	(8,568,013)	(543,007)	14,075	(9,096,945)
<i>Total Depreciable Capital Assets, Net</i>	29,255,583	(112,573)	0	29,143,010
<i>Business-type Activities Capital Assets, Net</i>	\$33,642,752	(\$112,573)	\$0	\$33,530,179

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023
Governmental Activities:				
<i>Nondepreciable Capital Assets</i>				
Land	\$1,114,360	\$0	\$0	\$1,114,360
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Buildings	9,198,766	0	0	9,198,766
Buildings Improvements	705,716	254,399	0	960,115
Furniture and Equipment	1,726,722	278,511	(27,871)	1,977,362
Vehicles	3,766,788	181,725	(64,708)	3,883,805
Infrastructure:				
Streets	53,354,229	206,048	(154,536)	53,405,741
Sidewalks	12,916,919	0	0	12,916,919
Curbs	2,038,640	0	0	2,038,640
<i>Total Tangible Assets</i>	83,707,780	920,683	(247,115)	84,381,348
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	22,350	0	0	22,350
<i>Total Depreciable Capital Assets</i>	83,730,130	920,683	(247,115)	84,403,698
<i>Less: Accumulated depreciation/amortization</i>				
<i>Depreciation</i>				
Buildings	(3,095,713)	(82,702)	0	(3,178,415)
Buildings Improvements	(196,594)	(41,038)	0	(237,632)
Furniture and Equipment	(1,257,112)	(70,085)	27,871	(1,299,326)
Vehicles	(1,855,970)	(246,081)	48,449	(2,053,602)
Infrastructure:				
Streets	(46,585,882)	(1,068,114)	142,173	(47,511,823)
Sidewalks	(11,807,371)	(258,338)	0	(12,065,709)
Curbs	(1,875,549)	(40,773)	0	(1,916,322)
<i>Total Depreciation</i>	(66,674,191)	(1,807,131)	218,493	(68,262,829)
<i>Amortization</i>				
Intangible Right to Use - Equipment	(5,459)	(5,626)	0	(11,085)
<i>Total Accumulated Depreciation/Amortization</i>	(66,679,650)	(1,812,757) *	218,493	(68,273,914)
<i>Total Depreciable Capital Assets, Net</i>	17,050,480	(892,074)	(28,622)	16,129,784
<i>Governmental Activities Capital Assets, Net</i>	\$18,164,840	(\$892,074)	(\$28,622)	\$17,244,144

*Depreciation/amortization expense was charged to governmental activities as follows:

	Depreciation	Amortization	Total
General Government	\$108,346	\$798	\$109,144
Security of Persons and Property	224,013	4,142	228,155
Public Health Services	5,239	686	5,925
Transportation	1,150,928	0	1,150,928
Community Development	299,111	0	299,111
Basic Utility Services	7,863	0	7,863
Leisure Time Activities	11,631	0	11,631
<i>Total Depreciation/Amortization Expense</i>	\$1,807,131	\$5,626	\$1,812,757

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Note 8 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of 960 hours of accumulated, unused sick leave.

Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 456. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Note 9 - Contingencies

Litigation

The City of Girard is a party to legal proceedings. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Grants

The City received 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2023.

Note 10 - Risk Management

Property and Liability

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 2023, the City contracted with US Specialty Insurance Company for various types of insurance as follows:

<u>Type</u>	<u>Coverage</u>
Commercial Liability	\$1,000,000/\$3,000,000
Public Officials	1,000,000/1,000,000
Law Enforcement	1,000,000/1,000,000
Automobile	1,000,000
Automobile Physical Damage	Actual Cash Value
Real and Personal Property	36,809,329
Inland Marine	2,933,666
Commercial Crime	25,000
Bonds - Employees and Officials	10,000

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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.

Employee Insurance Benefits

The City has elected to provide vision, dental, prescription drug, and hospital/medical benefits to its employees through a self-insured program. The City does not reserve or set aside any monies for self-insurance costs. They are pay as you go funded. When claims are received, monies from the individual funds are then expensed and a charge for service revenue is posted to the City’s internal service fund. Additionally, the expense to the individual funds is based on actual claims and not proportionately by the employees being covered/paid from the funds. The maintenance of these benefits is accounted for in the Hospitalization Internal Service fund. An excess coverage insurance (stop loss) policy covers annual claims in excess of \$50,000 per individual and \$1,600,000 for the City as a whole. Incurred but not reported claims of \$225,295 have been accrued as a liability based on a review of January 2024 billings provided by the City Auditor’s Office.

The claims liability of \$225,295 reported in the internal service fund at December 31, 2023 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 “Risk Financing Omnibus,” 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 2022 and 2023 were:

	Beginning of Year	Year Claims	Claim Payments	End of Year
2022	100,297	\$1,532,247	\$1,557,599	\$74,945
2023	74,945	1,948,061	1,797,711	225,295

Workers’ Compensation

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.

Note 11 - Long-Term Obligations

Original issue amounts and interest rates of the City’s debt issues are as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Business-Type Activities:			
<i>Ohio Water Development Authority Loans from Direct Borrowings</i>			
WWTF Peak Flow Treatment	0.40%	\$21,736,230	2051
Governmental Activities:			
Police and Fire Pension	4.25	377,328	2035

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

A schedule of changes in bonds and other long-term obligations of the City during 2023 follows:

	Amount Outstanding 12/31/2022	Additions	Deletions	Amount Outstanding 12/31/2023	Amounts Due In One Year
Business-Type Activities:					
<i>Ohio Water Development Authority Loan from Direct Borrowings</i>					
WWTF Peak Flow Treatment	\$20,710,189	\$0	(\$687,452)	\$20,022,737	\$690,205
Net Pension Liability - OPERS:					
Water	290,476	607,473	0	897,949	0
Sewer	412,784	749,266	0	1,162,050	0
Total Net Pension Liability	703,260	1,356,739	0	2,059,999	0
Net OPEB Liability - OPERS:					
Water	0	18,084	0	18,084	0
Sewer	0	23,402	0	23,402	0
Total Net OPEB Liability	0	41,486	0	41,486	0
Compensated Absences	269,278	113,892	(104,138)	279,032	103,056
Lease Payable	8,754	0	(2,915)	5,839	3,004
Asset Retirement Obligation	1,000,000	0	0	1,000,000	0
Total Other Long-Term Obligations	1,278,032	113,892	(107,053)	1,284,871	106,060
<i>Total Business-Type Activities Obligations</i>	<u>\$22,691,481</u>	<u>\$1,512,117</u>	<u>(\$794,505)</u>	<u>\$23,409,093</u>	<u>\$796,265</u>
Governmental Activities Obligations:					
Net Pension Liability:					
OPERS	\$825,575	\$2,396,482	\$0	\$3,222,057	\$0
OP&F	4,768,882	2,529,005	0	7,297,887	0
Total Net Pension Liability	5,594,457	4,925,487	0	10,519,944	0
Net OPEB Liability:					
OPERS	0	64,889	0	64,889	0
OP&F	836,682	0	(289,691)	546,991	0
Total Net OPEB Liability	836,682	64,889	(289,691)	611,880	0
Lease Payable	16,891	0	(5,626)	11,265	5,797
Financed Purchases from Direct Borrowings	140,486	0	(45,031)	95,455	46,805
Compensated Absences	723,230	308,721	(304,260)	727,691	289,100
Police and Fire Pension	164,300	0	(10,305)	153,995	10,708
<i>Total Governmental Activities Obligations</i>	<u>\$7,476,046</u>	<u>\$5,299,097</u>	<u>(\$654,913)</u>	<u>\$12,120,230</u>	<u>\$352,410</u>

The OWDA loan payable will be paid from sewer enterprise fund user service charges. Financed purchases payable will be paid from the capital improvement fund. The City pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences will be paid from the following funds: the general fund, the street construction maintenance and repair special revenue fund and the water and sewer enterprise funds. The asset retirement obligation would be paid from the sewer fund. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the following funds: general fund, cemetery, street construction, maintenance and repair special revenue funds and the water and sewer enterprise funds. For additional information related to the net pension and net OPEB liabilities see Notes 13 and 14. The City pays

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

semi-annual 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 semi-annual installments will be paid from the police pension and fire pension special revenue funds.

The City's outstanding OWDA loan from direct borrowings of \$20,022,737 related to business-type activities contain provisions that in an event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

In 2018, the City received a \$21,736,230 Ohio Water Development Authority loan for the WWTF Peak Flow Treatment project. The loan was issued for a thirty year period with a final maturity in 2051.

The City has pledged future revenues, net of operating expenses, to repay an OWDA loan in the sewer fund. The debt is payable solely from net revenues and is payable through 2051. Principal and interest paid for the current year and total net revenues were \$769,606 and \$970,963, respectively.

The City's overall legal debt margin was \$12,812,003 at December 31, 2023. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2023, are as follows:

Governmental Activities:

	Police and Fire Pension	
	Principal	Interest
2024	\$10,708	\$6,466
2025	11,111	6,062
2026	11,515	5,658
2027	11,915	5,258
2028	12,311	4,862
2029-2033	67,148	18,717
2034-2035	29,287	5,056
Total	\$153,995	\$52,079

Business-Type Activities:

	OWDA Loans from Direct Borrowings	
	Principal	Interest
2024	\$690,205	\$79,401
2025	692,968	76,638
2026	695,743	73,863
2027	698,529	71,078
2028	701,325	68,281
2029-2033	3,548,976	299,055
2034-2038	3,620,597	227,433
2039-2043	3,693,664	154,366
2044-2048	3,768,205	79,826
2049-2051	1,912,525	11,490
Total	\$20,022,737	\$1,141,431

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Financed Purchase – In 2020, the City entered into a financed purchase agreement for police radios in the amount of \$250,546, which consisted of a down-payment of \$25,054 with the remaining \$225,492 being financed. The financed purchase will be paid from the capital improvement fund.

Principal and interest requirements to retire financed purchases outstanding at December 31, 2023, are as follows:

Year	<i>From Direct Borrowings</i>	
	Financed Purchases	
	Principal	Interest
2024	\$46,805	\$3,761
2025	48,650	1,916
Total	\$95,455	\$5,677

The City has outstanding agreements to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the City’s incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. These leases will be paid from the general fund and the water fund. A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$5,797	\$259	\$3,004	\$134
2025	5,468	82	2,835	43
	\$11,265	\$341	\$5,839	\$177

Note 12 - Interfund Balances

Interfund balances at December 31, 2023, consisted of the following:

Interfund Payable	Interfund Receivable			
	General	Other Governmental Funds	Internal Service	Total
<i>Governmental Funds</i>				
General	\$0	\$4,985	\$146,125	\$151,110
Street Construction, Maintenance and Repair	0	0	24,339	24,339
Other Governmental Funds	6,040	6,040	0	12,080
<i>Total Governmental Funds</i>	6,040	11,025	170,464	187,529
Water	0	0	22,169	22,169
Sewer	0	0	32,662	32,662
<i>Total Enterprise Funds</i>	0	0	54,831	54,831
<i>Totals</i>	\$6,040	\$11,025	\$225,295	\$242,360

Interfund receivables/payables of \$225,295 between the internal service fund and the various governmental and enterprise funds are due to the City moving monies to pay claims when funds are needed rather than when claims are incurred.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Interfund receivables and payables of \$17,065 were due to traffic camera fees and fines and forfeitures being allocated back to the various funds based on agreements with the Court.

Internal Balances – Change in Proportionate Share

The City uses an internal proportionate share to allocate its net pension/OPEB liability (asset) and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position, thus allowing the total column to present the change in proportionate share for the City as a whole.

Eliminations made in the total column of the entity wide statement of net position include deferred outflows of resources for the business type activities and deferred inflows of resources for the governmental activities in the amount of \$117,757 for pension and \$667 for OPEB.

Note 13 – Defined Benefit Pension Plans

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

Net Pension Liability (Asset) /Net OPEB Liability

The net pension liability (asset) and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employee – of salaries and benefits for employee services. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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

	State and Local	
	Traditional	Combined
2023 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
 2023 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
 Total Employer	 14.0 %	 14.0 %
 Employee	 10.0 %	 10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

For 2023, the City’s contractually required contribution was \$411,669 for the traditional plan, \$5,134 for the combined plan and \$0 for the member-directed plan. Of these amounts, \$39,899 is reported as an intergovernmental payable for the traditional plan, \$496 for the combined plan, and \$0 for the member-directed plan.

Ohio Police & Fire Pension Fund (OP&F)

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

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, statutory survivors and annuity beneficiaries. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member’s base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member’s base pension benefit where the percentage is the lesser of 3.0% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	<u>Police</u>	<u>Firefighters</u>
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$431,474 for 2023. Of this amount, \$43,507 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2023, the specific liability of the City was \$153,995 payable in semi-annual payments through the year 2035.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.01788100%	0.00776300%	0.07682770%	
Prior Measurement Date	<u>0.01757200%</u>	<u>0.00709600%</u>	<u>0.07633360%</u>	
Change in Proportionate Share	<u>0.00030900%</u>	<u>0.00066700%</u>	<u>0.00049410%</u>	
Proportionate Share of the:				
Net Pension Liability	\$5,282,056	\$0	\$7,297,887	\$12,579,943
Net Pension Asset	0	18,297	0	18,297
Pension Expense	785,976	1,932	740,535	1,528,443

2023 pension expense for the member-directed defined contribution plan was \$0. The aggregate pension expense for all pension plans was \$1,528,443 for 2023.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$175,447	\$1,125	\$109,465	\$286,037
Changes of assumptions	55,801	1,211	658,244	715,256
Net difference between projected and actual earnings on pension plan investments	1,505,552	6,668	1,062,483	2,574,703
Changes in proportion and differences between City contributions and proportionate share of contributions	32,628	0	136,204	168,832
City contributions subsequent to the measurement date	411,669	5,134	431,474	848,277
Total Deferred Outflows of Resources	\$2,181,097	\$14,138	\$2,397,870	\$4,593,105
Deferred Inflows of Resources				
Differences between expected and actual experience	\$0	\$2,614	\$166,267	\$168,881
Changes of assumptions	0	0	142,307	142,307
Changes in proportion and differences between City contributions and proportionate share of contributions	4,118	3,886	339,557	347,561
Total Deferred Inflows of Resources	\$4,118	\$6,500	\$648,131	\$658,749

\$848,277 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2024	\$222,382	(\$510)	\$32,984	\$254,856
2025	362,246	448	329,581	692,275
2026	443,158	920	385,051	829,129
2027	737,524	2,274	581,251	1,321,049
2028	0	(361)	(10,602)	(10,963)
Thereafter	0	(267)	0	(267)
Total	\$1,765,310	\$2,504	\$1,318,265	\$3,086,079

Actuarial Assumptions – OPERS

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00%</u>	

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	<u>1% Decrease 5.90%</u>	<u>Discount Rate 6.90%</u>	<u>1% Increase 7.90%</u>
City's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$7,912,343	\$5,282,056	\$3,094,128
OPERS Combined Plan	(9,548)	(18,297)	(25,230)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, are presented below.

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

The most recent experience study was completed for the five-year period ended December 31, 2021.

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 the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

Note: Assumptions are geometric.

* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2022, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's proportionate share of the net pension liability	\$9,627,321	\$7,297,887	\$5,361,428

Note 14 - Defined Benefit OPEB Plans

See Note 13 for a description of the net OPEB liability.

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension plan may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was \$856 for 2023. Of this amount, \$83 is reported as an intergovernmental payable.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded.

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

The City’s contractually required contribution to OP&F was \$10,260 for 2023. Of this amount, \$1,039 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F’s total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City’s proportion of the net OPEB liability was based on the City’s share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.01687100%	0.07682770%	
Prior Measurement Date	0.01656200%	0.07633360%	
Change in Proportionate Share	0.00030900%	0.00049410%	
Proportionate Share of the:			Total
Net OPEB Liability	\$106,375	\$546,991	\$653,366
OPEB Expense	(187,528)	(24,376)	(211,904)

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$32,641	\$32,641
Changes of assumptions	103,899	272,590	376,489
Net difference between projected and actual earnings on OPEB plan investments	211,264	46,916	258,180
Changes in proportion and differences between City contributions and proportionate share of contributions	197	184,110	184,307
City contributions subsequent to the measurement date	<u>856</u>	<u>10,260</u>	<u>11,116</u>
Total Deferred Outflows of Resources	<u><u>\$316,216</u></u>	<u><u>\$546,517</u></u>	<u><u>\$862,733</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$26,534	\$107,856	\$134,390
Changes of assumptions	8,549	447,394	455,943
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>653</u>	<u>308,060</u>	<u>308,713</u>
Total Deferred Inflows of Resources	<u><u>\$35,736</u></u>	<u><u>\$863,310</u></u>	<u><u>\$899,046</u></u>

\$11,116 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2024	\$34,350	(\$77,239)	(\$42,889)
2025	77,337	(50,369)	26,968
2026	65,879	(25,619)	40,260
2027	102,058	(16,437)	85,621
2028	0	(46,188)	(46,188)
Thereafter	<u>0</u>	<u>(111,201)</u>	<u>(111,201)</u>
Total	<u><u>\$279,624</u></u>	<u><u>(\$327,053)</u></u>	<u><u>(\$47,429)</u></u>

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00%</u>	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease 4.22%	Current Discount Rate 5.22%	1% Increase 6.22%
City's proportionate share of the net OPEB Liability (Asset)	\$362,052	\$106,375	(\$104,600)

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB Liability	\$99,708	\$106,375	\$113,879

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost of Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2036

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2021.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease 3.27%	Current Discount Rate 4.27%	1% Increase 5.27%
City's proportionate share of the net OPEB liability	\$673,568	\$546,991	\$440,127

Note 15 - Jointly Governed Organizations

Eastgate Regional Council of Governments

The Eastgate Regional Council of Governments (ERCG) is a jointly governed organization that is committed to fostering cooperative regional efforts in the planning, programming and implementation of public sector activities. ERCG has forty-eight participating members. These include representatives from Trumbull County and Mahoning County, township trustees and officials from participating cities and villages. The operation of ERCG is controlled by a general policy board which consists of a representative from each participant. Each member’s degree of control is limited to its representation on the board. Funding comes from each of the participants. In 2023, the City contributed \$9,709 to the Eastgate Regional Council of Governments. For more information contact John R. Getchey, executive director, at 5121 Mahoning Avenue, Youngstown, Ohio 44515.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of the collection of income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2022 (the latest information available), the City paid RITA \$61,129 for income tax collection services.

Note 16 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<i>Governmental Funds:</i>		<i>Proprietary Funds:</i>	
General	\$32,528	Water	\$78,149
Street Construction, Maintenance and Repair	141,588	Sewer	94,667
Other Governmental Funds	109,680	<i>Total Enterprise Funds</i>	<u>\$172,816</u>
Total Governmental	<u>\$283,796</u>	Internal Service Fund	67,716
		Total Proprietary	<u>\$240,532</u>

Note 17 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the City received COVID-19 funding. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 18 – Asset Retirement Obligations

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. State and/or federal laws and regulations require the City to go through a decommissioning process if their waste water treatment facilities were to close. Through this decommissioning process, the City would be responsible to remediate any public safety issues associated with their waste water treatment facilities. These assets retirement obligations (ARO) of \$1,000,000 associated with the City waste water treatment facilities were estimated by the City engineer. The remaining useful life of these facilities are 84 years.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Note 19 – Change in Accounting Principle

For 2023, the City implemented Governmental Accounting Standards Board (GASB) No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The City did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The City did not have any contracts that met the GASB 96 definition of a SBITA, other than short-term SBITAs.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

For 2023, the City also implemented the guidance in GASB's Implementation Guide No. 2021-1, *Implementation Guidance Update—2021* (other than question 5.1).

Note 20 – Girard Community Improvement Corporation

As described in Note 1, the City reports the Girard Community Improvement Corporation (CIC) as a blended component unit because its purpose is to assist the City in advancing, encouraging and promoting the industrial, economic, commercial and civic development within the City, and because the City is able to significantly influence the programs or services performed or provided by the organization.

The Girard Community Improvement Corporation (CIC) was created by the City of Girard and incorporated as a corporation not-for-profit under the provisions of Chapter 1724 of the Ohio Revised Code. The CIC was formed to advance, encourage and promote the industrial, economic, commercial and civic development of the City. The CIC has been designated an Agent for the City for economic development.

The financial statements of the CIC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

During 2023, the CIC's economic development revolving loan account was closed out and the remaining revolving loan funds were transferred to the City's general fund.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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Required Supplementary Information

City of Girard, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Ten Years

	2023	2022	2021	2020
City's Proportion of the Net Pension Liability	0.01788100%	0.01757200%	0.01768800%	0.01753100%
City's Proportionate Share of the Net Pension Liability	\$5,282,056	\$1,528,835	\$2,619,207	\$3,465,121
City's Covered Payroll	\$2,771,779	\$2,550,293	\$2,491,250	\$2,466,636
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.57%	59.95%	105.14%	140.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
0.01735100%	0.01746500%	0.01882700%	0.02019000%	0.02040000%	0.02040000%
\$4,752,086	\$2,739,921	\$4,275,293	\$3,497,164	\$2,460,467	\$2,404,894
\$2,343,529	\$2,307,954	\$2,433,767	\$2,512,833	\$2,500,917	\$2,561,854
202.77%	118.72%	175.67%	139.17%	98.38%	93.87%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

City of Girard, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
Last Six Years (1)

	2023	2022	2021	2020
City's Proportion of the Net Pension Asset	0.00776300%	0.00709600%	0.00694500%	0.00679800%
City's Proportionate Share of the Net Pension Asset	\$18,297	\$27,960	\$20,047	\$14,176
City's Covered Payroll	\$36,150	\$32,350	\$30,607	\$30,264
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-50.61%	-86.43%	-65.50%	-46.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%	145.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

2019	2018
0.00655500%	0.00460200%
\$7,329	\$6,264
\$28,036	\$18,846
-26.14%	-33.24%
126.64%	137.28%

City of Girard, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net OPEB (Asset) Liability
Ohio Public Employees Retirement System - OPEB Plan
Last Seven Years (1)

	2023	2022	2021	2020
City's Proportion of the Net OPEB Asset/Liability	0.01687100%	0.01656200%	0.01667500%	0.01652700%
City's Proportionate Share of the Net OPEB (Asset) Liability	\$106,375	(\$518,746)	(\$297,079)	\$2,282,808
City's Covered Payroll	\$2,807,929	\$2,582,643	\$2,521,857	\$2,496,900
City's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	3.79%	-20.09%	-11.78%	91.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

2019	2018	2017
0.01635000%	0.01643000%	0.01761000%
\$2,131,655	\$1,784,177	\$1,778,670
\$2,371,565	\$2,326,800	\$2,433,767
89.88%	76.68%	73.08%
46.33%	54.14%	54.04%

City of Girard, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's Proportion of the Net Pension Liability	0.07682770%	0.07633360%	0.07965070%	0.07689550%
City's Proportionate Share of the Net Pension Liability	\$7,297,887	\$4,768,882	\$5,429,862	\$5,180,092
City's Covered Payroll	\$2,099,317	\$1,962,037	\$2,126,787	\$1,814,274
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	347.63%	243.06%	255.31%	285.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
0.08506900%	0.07403600%	0.09731500%	0.09649100%	0.08529640%	0.08529640%
\$6,943,878	\$4,543,924	\$6,163,835	\$6,207,333	\$4,418,709	\$4,154,202
\$1,769,648	\$1,841,298	\$1,788,048	\$1,819,362	\$1,681,335	\$1,570,617
392.39%	246.78%	344.72%	341.18%	262.81%	264.49%
63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

City of Girard, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net OPEB Liability
Ohio Police and Fire Pension Fund
Last Seven Years (1)

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability	0.07682770%	0.07633360%	0.07965070%	0.07689550%
City's Proportionate Share of the Net OPEB Liability	\$546,991	\$836,682	\$843,912	\$759,553
City's Covered Payroll	\$2,099,317	\$1,962,037	\$2,126,787	\$1,814,274
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	26.06%	42.64%	39.68%	41.87%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.86%	45.42%	47.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

2019	2018	2017
0.08506900%	0.07403600%	0.09731500%
\$774,684	\$4,194,775	\$4,619,324
\$1,769,648	\$1,841,298	\$1,788,048
43.78%	227.82%	258.34%
46.57%	14.13%	15.96%

City of Girard, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Ten Years

	2023	2022	2021	2020
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$411,669	\$388,049	\$357,041	\$348,775
Contributions in Relation to the Contractually Required Contribution	<u>(411,669)</u>	<u>(388,049)</u>	<u>(357,041)</u>	<u>(348,775)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$2,940,493	\$2,771,779	\$2,550,293	\$2,491,250
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net Pension Liability - Combined Plan				
Contractually Required Contribution	\$5,134	\$5,061	\$4,529	\$4,285
Contributions in Relation to the Contractually Required Contribution	<u>(5,134)</u>	<u>(5,061)</u>	<u>(4,529)</u>	<u>(4,285)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$42,783	\$36,150	\$32,350	\$30,607
Pension Contributions as a Percentage of Covered Payroll	<u>12.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability - OPEB Plan (1)				
Contractually Required Contribution	\$856	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>(856)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (2)	\$2,983,276	\$2,807,929	\$2,582,643	\$2,521,857
OPEB Contributions as a Percentage of Covered Payroll	<u>0.03%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Information prior to 2016 is not available for the OPEB plan.

(2) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
\$345,329	\$328,094	\$300,034	\$292,052	\$301,540	\$300,110
<u>(345,329)</u>	<u>(328,094)</u>	<u>(300,034)</u>	<u>(292,052)</u>	<u>(301,540)</u>	<u>(300,110)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,466,636	\$2,343,529	\$2,307,954	\$2,433,767	\$2,512,833	\$2,500,917
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
\$4,237	\$3,925	\$2,450	\$0	\$0	\$0
<u>(4,237)</u>	<u>(3,925)</u>	<u>(2,450)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$30,264	\$28,036	\$18,846	\$0	\$0	\$0
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
\$0	\$0	\$23,268	\$48,675		
<u>0</u>	<u>0</u>	<u>(23,268)</u>	<u>(48,675)</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		
\$2,496,900	\$2,371,565	\$2,326,800	\$2,433,767		
<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>2.00%</u>		

City of Girard, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$431,474	\$442,062	\$411,864	\$447,109
Contributions in Relation to the Contractually Required Contribution	<u>(431,474)</u>	<u>(442,062)</u>	<u>(411,864)</u>	<u>(447,109)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$2,052,066	\$2,099,317	\$1,962,037	\$2,126,787
Pension Contributions as a Percentage of Covered Payroll	<u>21.03%</u>	<u>21.06%</u>	<u>20.99%</u>	<u>21.02%</u>
Net OPEB Liability				
Contractually Required Contribution	\$10,260	\$10,497	\$9,810	\$10,634
Contributions in Relation to the Contractually Required Contribution	<u>(10,260)</u>	<u>(10,497)</u>	<u>(9,810)</u>	<u>(10,634)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.53%</u>	<u>21.56%</u>	<u>21.49%</u>	<u>21.52%</u>

(1) The City's Covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
\$382,528	\$377,080	\$392,373	\$378,607	\$384,612	\$356,960
<u>(382,528)</u>	<u>(377,080)</u>	<u>(392,373)</u>	<u>(378,607)</u>	<u>(384,612)</u>	<u>(356,960)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,814,274	\$1,769,648	\$1,841,298	\$1,788,048	\$1,819,362	\$1,681,335
<u>21.08%</u>	<u>21.31%</u>	<u>21.31%</u>	<u>21.17%</u>	<u>21.14%</u>	<u>21.23%</u>
\$9,072	\$8,849	\$9,206	\$8,940	\$9,097	\$8,406
<u>(9,072)</u>	<u>(8,849)</u>	<u>(9,206)</u>	<u>(8,940)</u>	<u>(9,097)</u>	<u>(8,406)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
<u>21.58%</u>	<u>21.81%</u>	<u>21.81%</u>	<u>21.67%</u>	<u>21.64%</u>	<u>21.73%</u>

City of Girard, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2023

Changes in Assumptions – OPERS Pension– Traditional Plan

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	2022	2019 through 2021	2018 and 2017	2016 and prior
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, Retirees are as follows:

2023	3.0 percent, simple through 2023 then 2.05 percent, simple
2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

Amounts reported for 2017 through 2021 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and

City of Girard, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2023

disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions – OPERS Pension – Combined Plan

	2022	2019 through 2021	2018
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

For 2022, 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

Changes in Assumptions – OP&F Pension

Amounts reported beginning in 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

	Beginning in 2018	2017 and Prior
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Beginning in 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and forward.

City of Girard, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2023

Beginning in 2023, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

Prior to 2023, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Prior to 2023, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

City of Girard, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2023

Changes in Assumptions – OPERS OPEB

Wage Inflation:	
2023 and 2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
2023 and 2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2023	4.05 percent
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2023	5.22 percent
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2023	5.5 percent, initial 3.5 percent, ultimate in 2036
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

Changes in Assumptions – OP&F OPEB

Blended Discount Rate:	
2023	4.27 percent
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

City of Girard, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2023

For 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and 2023.

Changes in Benefit Terms – OPERS OPEB

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

Changes in Benefit Terms – OP&F OPEB

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.

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

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

To the Members of City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Girard, Trumbull County, Ohio, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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. Therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses that we considered a significant deficiency as item **2023-002**.

Report on Compliance and Other Matters

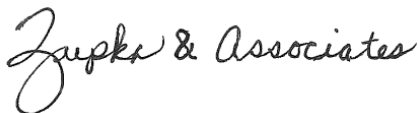
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Responses as item **2023-001**.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Zupka & Associates
Certified Public Accountants

June 28, 2024

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023**

Finding No. 2023-001 - Material Non-Compliance - Expenditures Exceeding Appropriations

Statement of Condition/Criteria

Ohio Revised Code Section 5705.41(B) prohibits a city from expending money unless it has been appropriated.

Cause/Effect

During our review of budgetary procedures, we noted that the following funds had expenditures plus encumbrances that exceeded appropriations plus prior year encumbrances, which is contrary to Ohio Revised Code Section 5705.41(B).

Fund	Appropriations	Expenditures Plus Encumbrances	Variance
General			
Police Camera Fees	\$ 90,000	\$ 100,113	\$ (10,113)
Municipal Court Judge Salary	44,750	60,420	(15,670)
Municipal Court Hospitalization	150,000	406,883	(256,883)
Income Tax Operation and Maintenance	115,000	134,079	(19,079)
Non-Major Funds			
State Highway Salt and Slag	18,000	73,207	(55,207)
Ambulance Hospitalization	2,074,414	2,191,194	(116,780)
Fire Levy Hospitalization	262,529	296,917	(34,388)
Court General Special Projects	185,000	207,336	(22,336)
Water			
Water Operation and Maintenance	1,217,544	1,281,194	(63,650)

In addition to the violation outlined above, there were several others below the scope of our audit of \$10,000. These violations were found in the General Fund, Street Construction, Maintenance and Repair Fund, Street Permissive Tax Fund, Recreation Fund, Rental Inspection Fund, and Cemetery Fund.

Recommendation

We recommend that the City exercise due care to ensure expenditures plus encumbrances do not exceed appropriations plus prior year encumbrances. This will assist the City in avoiding negative fund balances and also ensure the City is in compliance with Ohio Revised Code Section 5705.41(B).

City's Response

The City will closely regulate any timing matters of all funds and monitor the fund activity.

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023
(CONTINUED)**

Finding Number 2023-002 – Significant Deficiency – SOC-1 Reports

Condition/Criteria

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use, or disposition.

The City has outsourced employee health insurance claims and speed camera fines processing to third-party administrators, which are significant accounting functions. Due to deficiencies in internal controls, the City has not established procedures to determine whether these service organizations have sufficient controls in place and are operating effectively to reduce the risk that health insurance claims and speed camera fines have not been authorized or completely and accurately processed in accordance with the Contract. Attestation Standard (AT-C 320), *Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting*, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C320 should provide the City with reasonable assurance that health insurance claim transactions and speed camera fines processing conform to the contract.

Failing to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

Cause/Effect

The City contracted with Health Plan Administrators (HPA) and WJL Administrative Services (WJL), both of which acted as outside processing services organizations for the City in that those organizations reviewed and processed medical bills along with providing a network for pricing. The City did not obtain a SOC-1 report for HPA or WJL and also does not perform a detailed review of medical bills provided by HPA or WJL.

By not reviewing the SOC-1 reports and controls for HPA and WJL, the City does not have assurance whether HPA or WJL have proper controls in place and, if there are controls in place, whether they are effective. In addition, the City not reviewing detailed billings of HPA and WJL could result in undetected errors for processed claims.

The City contracts with Blue Line Solutions (BLS), which acts as an outside processing service organization for the City in that BLS bills and collects for traffic camera fines issued by the City. The City did not obtain a SOC-1 report for BLS and also does not have procedures in place to independently review billings and collections to ensure they are complete and accurate.

By not reviewing the SOC-1 report and controls for BLS, the City does not have assurance whether BLS has proper controls in place and, if there are controls in place, whether they are effective. In addition, the City not reviewing BLS' billings and collections could result in undetected errors or omissions.

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023
(CONTINUED)**

Finding Number 2023-002 – Significant Deficiency – SOC-1 Reports (Continued)

Recommendation

We recommend that the City require a Type 2 SOC-1 report in its contract with any third-party administrator. We also recommend that the City review all SOC-1 reports timely. The SOC-1 report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the City with a Type 2 SOC-1 report, the City should contract with a third-party administrator that will provide this report.

City's Response

The City will review and implement the recommendations.

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023**

The prior issued audit report, as of December 31, 2022, included material non-compliance, material weaknesses, and significant deficiencies.

Number	Finding Summary	Status	Additional Information
2022-001	Expenditures Exceeding Appropriations	Not Corrected	Repeated as Finding 2023-001
2022-002	Utility Accounts Receivable	Fully Corrected	None
2022-003	Purchasing	Partially Corrected	Issued as a management letter comment.
2022-004	Contracts	Fully Corrected	None
2022-005	SOC-1 Reports	Not Corrected	Repeated as Finding 2023-002

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF GIRARD

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/13/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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