



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF GIRARD
TRUMBULL COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Girard, Trumbull County, (the City) as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City, as of December 31, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 3 to the financial statements, the city implemented GASB Statement No. 32 for its Deferred Compensation Plan through Ohio Public Employees Deferred Compensation Program.

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

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Government, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

October 21, 2000

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City of Girard, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 1998

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Assets and Other Debits</i>				
Assets				
Equity in Pooled Cash and Cash and Cash Equivalents	\$45,304	\$374,585	\$1,478	\$1,390,668
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	453,704	348,560	16,300	16,014
Accounts	0	0	0	0
Interfund	94,450	0	0	0
Intergovernmental Receivable	56,927	39,461	0	27,296
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<i>Total Assets and Other Debits</i>	\$650,385	\$762,606	\$17,778	\$1,433,978

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$980,612	\$0	\$125,968	\$0	\$0	\$2,918,615
0	0	230,003	0	0	230,003
0	0	0	0	0	834,578
285,762	0	0	0	0	285,762
0	0	0	0	0	94,450
0	0	0	0	0	123,684
10,734,848	0	0	3,827,077	0	14,561,925
0	0	0	0	1,478	1,478
0	0	0	0	1,629,332	1,629,332
<u>\$12,001,222</u>	<u>\$0</u>	<u>\$355,971</u>	<u>\$3,827,077</u>	<u>\$1,630,810</u>	<u>\$20,679,827</u>

(continued)

City of Girard, Ohio
Combined Balance Sheet
All Fund Types and Account Groups (continued)
December 31, 1998

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Liabilities, Fund Equity and Other Credits</i>				
Liabilities				
Accounts Payable	\$391	\$25,972	\$0	\$2,338
Interfund Payable	0	94,450	0	0
Accrued Wages and Benefits	40,088	7,700	0	0
Compensated Absences Payable	7,550	1,923	0	0
Intergovernmental Payable	38,524	7,014	0	0
Deferred Revenue	326,674	354,334	16,300	11,502
Accrued Interest Payable	0	0	0	1,438
Undistributed Monies	0	0	0	0
Notes Payable	0	0	0	55,714
Claims Payable	0	0	0	0
Consumers Water Loans Payable	0	0	0	0
Fire and Police Pension Liability	0	0	0	0
Capital Leases Payable	0	0	0	0
OWDA Loans Payable	0	0	0	0
	<u>413,227</u>	<u>491,393</u>	<u>16,300</u>	<u>70,992</u>
<i>Total Liabilities</i>				
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	3,672	1,975	0	0
Unreserved, Undesignated	233,486	269,238	1,478	1,362,986
	<u>237,158</u>	<u>271,213</u>	<u>1,478</u>	<u>1,362,986</u>
<i>Total Fund Equity (Deficit) and Other Credits</i>				
	<u>237,158</u>	<u>271,213</u>	<u>1,478</u>	<u>1,362,986</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>				
	<u>\$650,385</u>	<u>\$762,606</u>	<u>\$17,778</u>	<u>\$1,433,978</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$3,364	\$0	\$0	\$0	\$0	\$32,065
0	0	0	0	0	94,450
11,873	0	0	0	0	59,661
183,964	0	0	0	728,385	921,822
102,620	0	0	0	156,922	305,080
0	0	0	0	0	708,810
0	0	0	0	0	1,438
0	0	350,323	0	0	350,323
0	0	0	0	0	55,714
0	57,578	0	0	0	57,578
2,000	0	0	0	0	2,000
0	0	0	0	316,837	316,837
0	0	0	0	428,666	428,666
5,401,892	0	0	0	0	5,401,892
<u>5,705,713</u>	<u>57,578</u>	<u>350,323</u>	<u>0</u>	<u>1,630,810</u>	<u>8,736,336</u>
0	0	0	3,827,077	0	3,827,077
428,363	0	0	0	0	428,363
5,867,146	(57,578)	0	0	0	5,809,568
0	0	0	0	0	5,647
0	0	5,648	0	0	1,872,836
<u>6,295,509</u>	<u>(57,578)</u>	<u>5,648</u>	<u>3,827,077</u>	<u>0</u>	<u>11,943,491</u>
<u>\$12,001,222</u>	<u>\$0</u>	<u>\$355,971</u>	<u>\$3,827,077</u>	<u>\$1,630,810</u>	<u>\$20,679,827</u>

City of Girard, Ohio
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances*
All Governmental Fund Types and Similar Trust Fund
For The Year Ended December 31, 1998

	Governmental	
	General	Special Revenue
Revenues		
Municipal Income Tax	\$2,908,972	\$403,536
Property and Other Taxes	260,845	274,020
Charges for Services	256	76,092
Licenses, Permits and Fees	581,417	25,091
Fines and Forfeitures	0	5,565
Intergovernmental	438,200	1,112,702
Interest	132,108	1,520
Contributions and Donations	0	995
Other	111,667	26,337
	<u>4,433,465</u>	<u>1,925,858</u>
<i>Total Revenues</i>		
Expenditures		
Current:		
General Government	1,308,207	108,871
Security of Persons and Property	2,848,073	41,981
Public Health and Welfare	161,546	12,302
Transportation	23,337	732,643
Community Environment	457	457,042
Basic Utility Services	0	304,868
Leisure Time Activities	0	171,343
Capital Outlay	0	0
Debt Service:		
Principal Retirement	10,366	13,411
Interest and Fiscal Charges	567	15,004
	<u>4,352,553</u>	<u>1,857,465</u>
	<i>Total Expenditures</i>	<i>Total Expenditures</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>80,912</u>	<u>68,393</u>
Other Financing Sources		
Inception of Capital Lease	0	0
	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	<u>80,912</u>	<u>68,393</u>
<i>Fund Balances Beginning of Year (Restated Note 3)</i>	<u>156,246</u>	<u>202,820</u>
<i>Fund Balances End of Year</i>	<u>\$237,158</u>	<u>\$271,213</u>

See accompanying notes to the general purpose financial statements

Fund Types			
Debt Service	Capital Projects	Expendable Trust	Totals (Memorandum Only)
\$0	\$240,259	\$0	\$3,552,767
0	0	0	534,865
0	0	0	76,348
0	338,209	0	944,717
0	0	0	5,565
0	1,144,389	0	2,695,291
0	0	118	133,746
0	0	0	995
0	0	0	138,004
0	1,722,857	118	8,082,298
0	0	0	1,417,078
0	0	0	2,890,054
0	0	0	173,848
0	0	0	755,980
0	0	170	457,669
0	0	0	304,868
0	0	0	171,343
0	574,281	0	574,281
0	94,664	0	118,441
0	22,596	0	38,167
0	691,541	170	6,901,729
0	1,031,316	(52)	1,180,569
0	197,500	0	197,500
0	1,228,816	(52)	1,378,069
1,478	134,170	5,700	500,414
<u>\$1,478</u>	<u>\$1,362,986</u>	<u>\$5,648</u>	<u>\$1,878,483</u>

City of Girard, Ohio
*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Similar Trust Fund
For The Year Ended December 31, 1998*

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Municipal Income Tax	\$2,641,154	\$2,860,416	\$219,262
Property and Other Taxes	250,400	260,845	10,445
Charges for Services	410	256	(154)
Licenses, Permits and Fees	610,400	581,417	(28,983)
Fines and Forfeitures	0	0	0
Intergovernmental	454,000	471,782	17,782
Interest	98,000	132,108	34,108
Contributions and Donations	0	0	0
Other	11,300	111,667	100,367
<i>Total Revenues</i>	<u>4,065,664</u>	<u>4,418,491</u>	<u>352,827</u>
Expenditures			
Current:			
General Government	1,288,810	1,352,027	(63,217)
Security of Persons and Property	2,716,363	2,929,806	(213,443)
Public Health and Welfare	162,023	166,211	(4,188)
Transportation	28,448	29,455	(1,007)
Community Environment	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>4,195,644</u>	<u>4,477,499</u>	<u>(281,855)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(129,980)</u>	<u>(59,008)</u>	<u>70,972</u>
Other Financing Sources (Uses)			
Advances In	0	0	0
Advances Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(129,980)</u>	<u>(59,008)</u>	<u>70,972</u>
<i>Fund Balances Beginning of Year</i>	191,270	191,270	0
Prior Year Encumbrances Appropriated	3,820	3,820	0
<i>Fund Balances End of Year</i>	<u>\$65,110</u>	<u>\$136,082</u>	<u>\$70,972</u>

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$347,500	\$394,436	\$46,936	\$0	\$0	\$0
350,810	295,258	(55,552)	0	0	0
70,677	76,482	5,805	0	0	0
19,660	25,091	5,431	0	0	0
10,000	5,835	(4,165)	0	0	0
938,000	1,103,308	165,308	0	0	0
3,115	1,520	(1,595)	0	0	0
800	995	195	0	0	0
4,500	26,337	21,837	0	0	0
<u>1,745,062</u>	<u>1,929,262</u>	<u>184,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
31,225	16,684	14,541	0	0	0
130,000	67,720	62,280	0	0	0
113,195	105,869	7,326	0	0	0
722,800	755,434	(32,634)	0	0	0
445,000	457,042	(12,042)	0	0	0
273,600	304,110	(30,510)	0	0	0
165,993	178,391	(12,398)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,881,813</u>	<u>1,885,250</u>	<u>(3,437)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(136,751)</u>	<u>44,012</u>	<u>180,763</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	(1,478)	0	1,478
0	0	0	(1,478)	0	1,478
(136,751)	44,012	180,763	(1,478)	0	1,478
229,188	229,188	0	1,478	1,478	0
4,960	4,960	0	0	0	0
<u>\$97,397</u>	<u>\$278,160</u>	<u>\$180,763</u>	<u>\$0</u>	<u>\$1,478</u>	<u>\$1,478</u>

(continued)

City of Girard, Ohio
*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Similar Trust Fund (continued)
For The Year Ended December 31, 1998*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Tax	\$231,360	\$227,489	(\$3,871)
Property and Other Taxes	0	0	0
Charges for Services	0	0	0
Licenses, Permits and Fees	313,640	338,209	24,569
Fines and Forfeitures	0	0	0
Intergovernmental	252,000	1,467,648	1,215,648
Interest	0	0	0
Contributions and Donations	0	0	0
Other	0	0	0
<i>Total Revenues</i>	<u>797,000</u>	<u>2,033,346</u>	<u>1,236,346</u>
Expenditures			
Current:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Transportation	0	0	0
Community Environment	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	596,243	854,303	(258,060)
Debt Service:			
Principal Retirement	9,286	9,286	0
Interest and Fiscal Charges	3,471	3,471	0
<i>Total Expenditures</i>	<u>609,000</u>	<u>867,060</u>	<u>(258,060)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>188,000</u>	<u>1,166,286</u>	<u>978,286</u>
Other Financing Sources (Uses)			
Advances In	0	120,000	120,000
Advances Out	(120,000)	(120,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(120,000)</u>	<u>0</u>	<u>120,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	68,000	1,166,286	1,098,286
<i>Fund Balances Beginning of Year</i>	223,482	223,482	0
Prior Year Encumbrances Appropriated	900	900	0
<i>Fund Balances End of Year</i>	<u>\$292,382</u>	<u>\$1,390,668</u>	<u>\$1,098,286</u>

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,220,014	\$3,482,341	\$262,327
0	0	0	601,210	556,103	(45,107)
0	0	0	71,087	76,738	5,651
0	0	0	943,700	944,717	1,017
0	0	0	10,000	5,835	(4,165)
0	0	0	1,644,000	3,042,738	1,398,738
132	118	(14)	101,247	133,746	32,499
0	0	0	800	995	195
0	0	0	15,800	138,004	122,204
<u>132</u>	<u>118</u>	<u>(14)</u>	<u>6,607,858</u>	<u>8,381,217</u>	<u>1,773,359</u>
0	0	0	1,320,035	1,368,711	(48,676)
0	0	0	2,846,363	2,997,526	(151,163)
0	0	0	275,218	272,080	3,138
0	0	0	751,248	784,889	(33,641)
245	170	75	445,245	457,212	(11,967)
0	0	0	273,600	304,110	(30,510)
0	0	0	165,993	178,391	(12,398)
0	0	0	596,243	854,303	(258,060)
0	0	0	9,286	9,286	0
0	0	0	3,471	3,471	0
<u>245</u>	<u>170</u>	<u>75</u>	<u>6,686,702</u>	<u>7,229,979</u>	<u>(543,277)</u>
<u>(113)</u>	<u>(52)</u>	<u>61</u>	<u>(78,844)</u>	<u>1,151,238</u>	<u>1,230,082</u>
0	0	0	0	120,000	120,000
0	0	0	(121,478)	(120,000)	1,478
<u>0</u>	<u>0</u>	<u>0</u>	<u>(121,478)</u>	<u>0</u>	<u>121,478</u>
(113)	(52)	61	(200,322)	1,151,238	1,351,560
5,700	5,700	0	651,118	651,118	0
0	0	0	9,680	9,680	0
<u>\$5,587</u>	<u>\$5,648</u>	<u>\$61</u>	<u>\$460,476</u>	<u>\$1,812,036</u>	<u>\$1,351,560</u>

City of Girard, Ohio
*Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For The Year Ended December 31, 1998*

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating Revenues			
Charges for Services	\$3,723,770	\$743,391	\$4,467,161
Tap-In Fees	19,511	0	19,511
Other	29,170	0	29,170
<i>Total Operating Revenues</i>	<u>3,772,451</u>	<u>743,391</u>	<u>4,515,842</u>
Operating Expenses			
Personal Services	1,122,067	0	1,122,067
Contractual Services	850,035	51,889	901,924
Claims	0	722,015	722,015
Materials and Supplies	948,041	0	948,041
Depreciation	64,268	0	64,268
<i>Total Operating Expenses</i>	<u>2,984,411</u>	<u>773,904</u>	<u>3,758,315</u>
<i>Operating Income (Loss)</i>	788,040	(30,513)	757,527
Non-Operating Expenses			
Interest and Fiscal Charges	(436,577)	0	(436,577)
<i>Net Income (Loss)</i>	351,463	(30,513)	320,950
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>5,515,683</u>	<u>(27,065)</u>	<u>5,488,618</u>
<i>Retained Earnings (Deficit) End of Year</i>	<u>5,867,146</u>	<u>(57,578)</u>	<u>5,809,568</u>
<i>Contributed Capital Beginning of Year</i>	427,759	0	427,759
Contributions During Year:			
Tap-In Fees	604	0	604
<i>Contributed Capital End of Year</i>	<u>428,363</u>	<u>0</u>	<u>428,363</u>
<i>Total Fund Equity (Deficit) End of Year</i>	<u><u>\$6,295,509</u></u>	<u><u>(\$57,578)</u></u>	<u><u>\$6,237,931</u></u>

See accompanying notes to the general purpose financial statements

City of Girard, Ohio
*Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types
For The Year Ended December 31, 1998*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$3,601,961	\$3,723,146	\$121,185
Tap-In Fees	20,000	20,115	115
Other	15,039	30,018	14,979
	<u>3,637,000</u>	<u>3,773,279</u>	<u>136,279</u>
Expenses			
Current:			
Personal Services	1,098,882	1,154,067	(55,185)
Contractual Services	1,011,036	977,525	33,511
Claims	0	0	0
Materials and Supplies	977,723	960,639	17,084
Capital Outlay	40,431	40,431	0
Debt Service:			
Principal Retirement	339,274	337,695	1,579
Interest and Fiscal Charges	437,285	436,211	1,074
	<u>3,904,631</u>	<u>3,906,568</u>	<u>(1,937)</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(267,631)	(133,289)	134,342
<i>Fund Equity Beginning of Year</i>	1,047,898	1,047,898	0
<i>Prior Year Encumbrances Appropriated</i>	<u>21,621</u>	<u>21,621</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$801,888</u>	<u>\$936,230</u>	<u>\$134,342</u>

(continued)

City of Girard, Ohio
*Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types (continued)
For The Year Ended December 31, 1998*

	Internal Service Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Charges for Services	\$605,000	\$743,391	\$138,391
Tap-In Fees	0	0	0
Other	0	0	0
<i>Total Revenues</i>	<u>605,000</u>	<u>743,391</u>	<u>138,391</u>
Expenses			
Current:			
Personal Services	0	0	0
Contractual Services	42,229	51,889	(9,660)
Claims	562,771	691,502	(128,731)
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenses</i>	<u>605,000</u>	<u>743,391</u>	<u>(138,391)</u>
<i>Excess of Revenues Over (Under) Expenses</i>	0	0	0
<i>Fund Equity Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the general purpose financial statements

<u>Totals (Memorandum Only)</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$4,206,961	\$4,466,537	\$259,576
20,000	20,115	115
15,039	30,018	14,979
<u>4,242,000</u>	<u>4,516,670</u>	<u>274,670</u>
1,098,882	1,154,067	(55,185)
1,053,265	1,029,414	23,851
562,771	691,502	(128,731)
977,723	960,639	17,084
40,431	40,431	0
339,274	337,695	1,579
437,285	436,211	1,074
<u>4,509,631</u>	<u>4,649,959</u>	<u>(140,328)</u>
(267,631)	(133,289)	134,342
1,047,898	1,047,898	0
21,621	21,621	0
<u>\$801,888</u>	<u>\$936,230</u>	<u>\$134,342</u>

City of Girard, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types
For The Year Ended December 31, 1998

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$3,723,146	\$0	\$3,723,146
Tap-In Fees	19,511	0	19,511
Cash Received from Quasi-External Transactions with Other Funds	0	743,391	743,391
Cash Payments to Suppliers for Goods and Services	(960,639)	0	(960,639)
Cash Payments for Contractual Services	(1,003,834)	(51,889)	(1,055,723)
Cash Payments for Employee Services and Benefits	(1,110,685)	0	(1,110,685)
Cash Payments for Claims	0	(691,502)	(691,502)
Other Cash Receipts	30,018	0	30,018
<i>Net Cash Provided By Operating Activities</i>	<u>697,517</u>	<u>0</u>	<u>697,517</u>
Cash Flows from Capital and Related Financing Activities			
Tap-In Fees	604	0	604
Principal Payments - Capital Lease	(6,687)	0	(6,687)
Interest Payments - Capital Lease	(366)	0	(366)
Principal Payments - OWDA Loans	(304,699)	0	(304,699)
Interest Payments - OWDA Loans	(434,845)	0	(434,845)
Acquisition of Capital Assets	(40,431)	0	(40,431)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(786,424)</u>	<u>0</u>	<u>(786,424)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(88,907)	0	(88,907)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,069,519</u>	<u>0</u>	<u>1,069,519</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$980,612</u>	<u>\$0</u>	<u>\$980,612</u>

(continued)

City of Girard, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types (continued)
For The Year Ended December 31, 1998

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities			
<i>Operating Income (Loss)</i>	\$788,040	(\$30,513)	\$757,527
<i>Adjustments:</i>			
Depreciation	64,268	0	64,268
Decrease in Accounts Receivable	224	0	224
Increase/(Decrease) in Liabilities:			
Accounts Payable	(3,076)	0	(3,076)
Contracts Payable	(118,727)	0	(118,727)
Accrued Wages and Benefits	(27,937)	0	(27,937)
Compensated Absences Payable	43,267	0	43,267
Consumers Loan Payable	(20,000)		
Intergovernmental Payable	(28,542)	0	(28,542)
Claims Payable	0	30,513	30,513
<i>Net Cash Provided By Operating Activities</i>	<u>\$697,517</u>	<u>\$0</u>	<u>\$697,517</u>

See accompanying notes to the general purpose financial statements

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**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

1. DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

A. 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 of the City are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Girard, this includes police protection, fire fighting and prevention, street maintenance and repairs, building inspection and wastewater. The operation of each of these activities is directly controlled by Council through the budgetary process.

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

The Girard City Local 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 Development and Transportation Agency and the Emergency Management Agency jointly governed organizations. These organizations are presented in Note 20 of the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

CITY OF GIRARD
TRUMBULL COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

(Continued)

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

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

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

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

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

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

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

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

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

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

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

CITY OF GIRARD
TRUMBULL COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

CITY OF GIRARD
TRUMBULL COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

(Continued)

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

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 1998, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue.

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

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

C. Budgetary Process

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

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

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1998.

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the city records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During 1998, investments were limited to nonnegotiable certificates of deposit and repurchase agreements, reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 1998 amounted to \$132,108, which includes \$85,750 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City central bank account. These interest bearing depository accounts are presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with an original maturity of three months or less and cash and investments in the cash management pool are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Inventory

Inventories of governmental funds are stated at cost while the inventory of the proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental fund which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Since the inventory balance at December 31, 1998 was not significant, an amount was not reported on the combined balance sheet.

F. Interfund Assets and Liabilities

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

G. Fixed Assets

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

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

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

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

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

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Interest is capitalized on proprietary fund assets acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 1998, interest costs incurred on construction projects in the proprietary funds were not material.

H. Accrued Liabilities and Long-term Obligations

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

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

I. Compensated Absences

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

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

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

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements or shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

K. Contributed Capital

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

L. Fund Equity

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

M. Estimates

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

N. Total Columns on General Purpose Financial Statements

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

3. RESTATEMENT OF PRIOR YEAR'S FUND EQUITY

For 1998, the City has implemented GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." This statement established accounting and reporting guidelines for government investments and investment pools. Certain investments which were reported at cost in previous years are not reported at fair value. The implementation of GASB 31 had no effect in fund balance/retained earning as it was previously stated at December 31, 1997.

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

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

The City has also implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plan through the Ohio Deferred Compensation Program. On September 1, 1998, the Ohio Deferred Compensation Program created a trust for the assets of the plan for which the City has no fiduciary responsibility. Therefore, the balance of the Ohio Deferred Compensation Program is not shown in the general purpose financial statements.

For the year ended December 31, 1998, the following adjustments resulted in the restatement of fund balances. The following tables provide the details of these adjustments and the resulting effect on fund equity.

	Special Revenue	Capital Projects
Balances at December 31, 1997	\$277,820	\$199,170
Overstatement of Intergovernmental Receivable	(75,000)	0
Understatement of Notes Payable	0	(65,000)
Restated Balances at December 31, 1997	\$202,820	\$134,170

The effect of these changes in the excess of revenues and other financing sources over (under) expenditures and other financing uses as previously reported for the year ended December 31, 1997 is as follows:

	Special Revenue	Capital Projects
Excess as Previously Reported	\$35,718	\$47,975
Overstatement of Intergovernmental Receivable	(75,000)	0
Understatement of Notes Payable	0	(9,286)
Restated Amounts as of December 31, 1997	(\$39,282)	\$38,689

The balance in the general long-term obligation account group increased by \$56,056 from \$1,398,071 to \$1,454,127 December 31, 1997, due to the understatement of capital leases payable.

4. BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

4. BUDGETARY BASIS OF ACCOUNTING -(Continued)

3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP).
4. For the proprietary fund, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions.

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Similar Trust Fund				
	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	\$80,912	\$68,393	\$1,228,816	(\$52)
Net Adjustment for Revenue Accruals	(14,974)	3,404	112,989	0
Net Adjustment for Expenditure Accruals	(121,274)	(25,810)	(175,519)	0
Encumbrances	(3,672)	(1,975)	0	0
Budget Basis	(\$59,008)	\$44,012	\$1,166,286	(\$52)

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

	Enterprise	Internal Service
GAAP Basis	\$351,463	(\$30,513)
Net Adjustment for Revenue Accruals	224	0
Tap-In Fees	604	0
Net Adjustment for Expense Accruals	(128,340)	30,513
Principal Retirement	(337,695)	0
Capital Outlay	(40,431)	0
Depreciation	64,268	0
Encumbrances	(43,382)	0
Budget Basis	(\$133,289)	\$0

5. ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

The following funds had deficit fund balances as of December 31, 1998:

Special Revenue Funds:

Garbage	\$ 119,461
Police Pension	27,940

Internal Service Fund:

Hospitalization	57,578
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**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

5. ACCOUNTABILITY AND COMPLIANCE - (Continued)

The deficits in the special revenue funds arose due to the recognition of accrued liabilities. The general fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.

B. Legal Compliance

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

Fund Type/Fund	Estimated Resources	Appropriations	Excess
Special Revenue Funds:			
Street Construction	\$540,500	\$590,800	(\$50,300)
COPS	0	70,000	(70,000)

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

Fund Type/Fund	Appropriations	Expenditures plus Encumbrances	Excess
General Fund:			
General Government			
Personal Services	\$593,869	\$660,216	(\$66,347)
Materials and Supplies	74,000	75,011	(1,011)
Other	0	8,109	(8,109)
Security of Persons and			
Personal Services	2,523,063	2,737,013	(213,950)
Transportation			
Personal Services	28,448	29,455	(1,007)
Public Health and Welfare			
Personal Services	154,444	161,016	(6,572)
Special Revenue Funds:			
Street Permissive Tax:			
Transportation	105,700	138,445	(32,745)
Garbage:			
Basic Utility Service	273,600	304,110	(30,510)
Fire Pension:			
Security of Persons and	600	622	(22)
Recreation:			
Leisure Time Activities	56,327	79,723	(23,396)
CHIP/CHIS:			
Community Environment	414,000	449,017	(35,017)
Cemetery:			
Public Health and Welfare	69,589	71,729	(2,140)
Capital Projects Fund:			
Capital Outlay	534,000	840,279	(306,279)
Water Enterprise Fund:			
Personal Services	421,182	542,801	(121,619)
Internal Service Fund:			
Contractual Services	42,229	51,889	(9,660)
Personal Services	562,771	691,502	(128,731)

In order to eliminate the budgetary violations, appropriations will be monitored more closely.

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

6. DEPOSITS AND INVESTMENTS

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

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

6. DEPOSITS AND INVESTMENTS - (Continued)

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At year-end, the carrying amount of the City's deposits was \$828,166 and the bank balance was \$1,258,505. \$200,731 of the bank balance was covered by federal depository insurance. \$1,057,774 was uninsured and uncollateralized. The deposits were secured by pooled collateral held by the financial institution in the financial institution's name. All statutory requirements for the deposit of money had been followed. Non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	\$2,320,152	\$2,320,152	\$2,320,152

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust funds and Governmental Entities that Use Proprietary Fund Accounting."

A reconciliation between the classification of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$3,148,618	\$0
Investments Which are Part of a Cash Management Pool:		
Repurchase Agreement	(2,320,152)	2,320,152
GASB Statement No. 3	\$828,466	\$2,320,152

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

7. PROPERTY TAXES

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

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

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

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

The full tax rate for all City operations for the year ended December 31, 1998, was \$7.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1998 property tax receipts were based are as follows:

Real Property	\$89,636,190
Public Utility Property	144,220
Tangible Personal Property	<u>13,096,984</u>
Total Valuation	<u><u>\$102,877,394</u></u>

8. RECEIVABLES

Receivables at December 31, 1998, primarily consisted of accounts (billings for user charged services including unbilled utility services), interfund, intergovernmental receivables arising from grants, entitlements and shared revenues and interest on investments. All receivables are considered fully collectible.

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

8. RECEIVABLES - (Continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund:	
Court Fines	\$33,115
Local Government Tax	18,150
Permissive Tax	5,662
Total General Fund	56,927
Special Revenue Funds:	
Street Construction	24,847
State Highway	2,015
Street Permissive	7,303
Health	146
Elderly Bus Fare	4,850
Law Enforcement	90
Indigent Drivers	210
Total Special Revenue Funds	39,461
Capital Projects Funds:	
Capital Projects	21,909
Municipal Computer	5,387
Total Capital Projects Funds	27,296
Total	\$123,684

9. INCOME TAX

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

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

10. CONTINGENCIES

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 1998.

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

10. CONTINGENCIES - (Continued)

B. Litigation

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

11. FIXED ASSETS

A summary of the enterprise fund's fixed assets as of December 31, 1998, follows:

Land	\$1,683,800
Buildings	8,895,795
Equipment	134,691
Vehicles	112,031
Water and Sewer Lines	<u>725,033</u>
Total	11,551,350
Less: Accumulated Depreciation	<u>(816,502)</u>
Net Fixed Assets	<u><u>\$10,734,848</u></u>

A summary of changes in general fixed assets follows:

	Balance January 1, 1998	Additions	Deductions	Balance December 31, 1998
Land	\$784,993	\$0	\$0	\$784,993
Buildings	445,001	0	0	445,001
Equipment	1,026,448	213,500	0	1,239,948
Vehicles	<u>1,357,135</u>	<u>0</u>	<u>0</u>	<u>1,357,135</u>
Total	<u><u>\$3,613,577</u></u>	<u><u>\$213,500</u></u>	<u><u>\$0</u></u>	<u><u>\$3,827,077</u></u>

12. NOTE PAYABLE

Changes in the City's note activity for the year ended December 31, 1998, were as follows:

	Outstanding 12/31/97	Additions	(Reductions)	Outstanding 12/31/98
Capital Improvement - 5.34%	\$65,000	\$0	(\$9,286)	\$55,714

The note is backed by the full faith and credit of the City. The note liability is reflected in the capital projects fund, the fund which received the proceeds. Notes are generally issued in anticipation of long-term bond financing and are refinanced until such bonds are issued.

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

13. LONG-TERM OBLIGATIONS

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

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

Changes in long-term obligations of the City during 1998 were as follows:

	Outstanding January 1, 1998	Additions	(Reductions)	Outstanding December 31, 1998
Enterprise Fund Obligations:				
<i>Ohio Water Development Authority Loans</i>				
1990 7.51%				
Water Garage	\$25,414	\$0	\$16,740	\$8,674
1998 6.36%				
Water Distribution	435,319	0	11,901	423,418
1996 6.87%				
Lakes Project	2,349,478	0	73,468	2,276,010
1997 6.36%				
Liberty Water	45,925	0	1,312	44,613
1988 8.48%				
Sewer Plant	2,857,142	0	207,965	2,649,177
Total OWDA	5,713,278	0	311,386	5,401,892
Consumers Water Company Loan	22,000	0	20,000	2,000
Capital Leases	6,309	0	6,309	0
Total Enterprise Fund Obligations	5,741,587	0	337,695	5,403,892
General Long-Term Obligations:				
Compensated Absences	643,288	85,097	0	728,385
Intergovernmental Payable	144,395	156,922	144,395	156,922
Fire and Police Pension Liability	320,429	0	3,592	316,837
Capital Leases	346,015	197,500	114,849	428,666
Total General Long-Term Obligations	1,454,127	439,519	262,836	1,630,810
Total All Types	\$7,195,714	\$439,519	\$600,531	\$7,034,702

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

13. LONG-TERM OBLIGATIONS - (Continued)

Compensated absences and intergovernmental payables reported in the accounts will be paid from the fund from which the employees' salaries are paid. The City pays installments on the police and fire pension liability incurred when the State of Ohio established the statewide pension system for police and firemen in 1967. The liability is paid semiannually from the Police Pension and Fire Pension special revenue funds. Payment is made from unvoted property tax revenues. Capital leases were paid from various revenues from the general, special revenue, and capital projects funds. OWDA loans will be paid from water and sewer enterprise fund user service charges.

The City's overall legal debt margin was \$10,802,126 at December 31, 1998. Principal and interest requirements to retire long-term obligations outstanding at December 31, 1998, are as follows:

	Ohio Water Development Authority	Consumers Water Company	Fire and Police Pension Liability
1999	\$871,249	\$2,322	\$17,173
2000	861,924	0	17,173
2001	861,924	0	17,173
2002	861,924	0	17,173
2003	861,924	0	17,173
2004-2008	4,018,007	0	86,865
2009-2013	1,393,490	0	86,865
2014-2018	0	0	86,865
2019-2023	0	0	86,865
2024-2028	0	0	86,865
2029-2033	0	0	86,865
2034-2037	0	0	69,692
Total	<u>\$9,730,442</u>	<u>\$2,322</u>	<u>\$676,747</u>

14. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee hired before January 1, 1990, can be paid a maximum of 960 hours of accumulated, unused sick leave. Employees hired after January 1, 1990, can be paid a maximum of 650 hours. As of December 31, 1998, the liability for unpaid compensated absences was \$921,822 for the entire City.

15. DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

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

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

15. DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ending December 31, 1998, 1997 and 1996 were \$195,575, \$185,095, and \$174,496 respectively. The full amount has been contributed for 1997 and 1996. 89.69 percent has been contributed for 1998 with the remainder being reported as a liability within the enterprise funds and the general long-term obligations group.

B. Police and Firemen's Disability And Pension

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13 percent for police and 17.5 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$128,772 and \$136,492 for the year ended December 31, 1998, \$117,415 and \$115,745 for 1997 and \$102,216 and \$113,210 for 1996. The full amount has been contributed for 1997 and 1996. 74.47 and 76.62 percent, respectively, have been contributed for 1998 with the remainder being reported as a liability within the general long-term obligations account group.

In addition to the current contribution, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 1998, the unfunded liability of the City was \$316,837, payable in semiannual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

16. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System (PERS)

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

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

16. POSTEMPLOYMENT BENEFITS - (Continued)

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1998, OPEB expenditures made by PERS were \$440,596,663. As of December 31, 1998, the unaudited estimated net assets available for future OPEB payments were \$9,447,325,318. At December 31, 1998, the total number of benefit recipients eligible for OPEB through PERS was 115,579. The City's actual contributions for 1998 which were used to fund OPEB were \$97,324.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equaled 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

2. Police and Firemen's Disability Pension Fund

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

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

The City's actual contributions for 1998 that were used to fund postemployment benefits were \$64,386 for police and \$50,697 for fire. PFDPF's total health care expenses for the year ending December 31, 1997, (the latest information available) were \$76,459,832. The number of PFDPF participants eligible to receive health care benefits as of December 31, 1997, was 11,239 for police and 9,025 for firefighters.

17. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1998, the City contracted with several companies for various types of insurance as follows:

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

17. RISK MANAGEMENT -(Continued)

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

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

The City has elected to provide medical benefits through a self insured program. The maintenance of these benefits are accounted for in the Hospitalization Internal Service fund. An excess coverage insurance (stop loss) policy covers annual claims in excess of \$100,000 per individual and \$1,000,000 for the City as a whole. Incurred but not reported claims of \$36,470 have been accrued as a liability based on a review of January, 1999 billings provided by the City Auditor's Office.

The claims liability of \$57,578 reported in the internal service funds at December 31, 1998 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the funds' claims liability amounts for 1998 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1997	\$93,062	\$415,282	\$481,279	\$27,065
1998	27,065	722,015	691,502	57,578

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.

18. SEGMENT INFORMATION

The City's enterprise funds account for the provision of sewer and water services. The table below reflects, in a summarized format, the more significant data relating to the enterprise funds of the City of Girard as of and for the year ended December 31, 1998:

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

18. SEGMENT INFORMATION - (Continued)

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues	\$1,534,847	\$2,237,604	\$3,772,451
Depreciation Expense	12,856	51,412	64,268
Operating Income	467,251	320,789	788,040
Fixed Asset Additions	0	40,431	40,431
Current Capital Contributions	0	604	604
Net Working Capital	311,049	470,527	781,576
Total Assets	8,922,445	3,078,777	12,001,222
Long-Term Liabilities	2,651,177	2,752,715	5,403,892
Total Equity	6,161,077	134,432	6,295,509
Encumbrances	35,897	7,485	43,382

19. INTERFUND TRANSACTIONS

Interfund balances at December 31, 1998, consist of \$94,450 between the general fund and the garbage special revenue fund.

20. JOINTLY GOVERNED ORGANIZATIONS

A. Eastgate Development and Transportation Agency

The Eastgate Development and Transportation Agency (EDATA) is committed to faster cooperative regional efforts in the planning, programming, and implementation of public sector activities. EDATA has forty-eight participating members. These include representatives from Trumbull County, Mahoning County, township trustees, cities and villages. The operation of EDATA is controlled by a general policy board which consists of a representative from each agency. Funding comes from each of the participants. In 1998, the City contributed \$2,826 to the Eastgate Development and Transportation Agency.

B. Emergency Management Agency

The Emergency Management Agency is a jointly governed organization among the thirty-four subdivisions located within Trumbull County. The eight members of the advisory board are appointed by the thirty-four member subdivisions. The degree of control exercised by any participating government is limited to its representation on the Board. The Agency adopts its own budget, authorizes expenditures and hires and fires its own staff. In 1998, the City contributed \$1,809 to the Emergency Management Agency.

21. CAPITAL LEASES

In prior years, the City entered into capitalized leases for the acquisition of computers and vehicles. During 1998, the City entered into a lease agreement for a vehicle which is accounted for on a GAAP basis as a capital outlay expenditure in the Capital Improvements Capital Projects Fund, with an offsetting amount reported as an other financing source. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the general purpose financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

**CITY OF GIRARD
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998**

(Continued)

21. CAPITAL LEASES - (Continued)

General fixed assets acquired by lease have been capitalized in the general fixed assets account group in an amount equal to \$864,660, the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 1998:

<u>Year</u>	<u>General Long-Term Obligation</u>
1999	\$162,704
2000	143,003
2001	69,843
2002	45,530
2003	<u>45,530</u>
Total minimum lease payments	466,610
Less: Amount representing interest	<u>(37,944)</u>
Present value of minimum lease	<u><u>\$428,666</u></u>

**CITY OF GIRARD
TRUMBULL COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1998**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity's Number</u>	<u>Expenditures</u>
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT <i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant			
Community Housing Improvement Program	14.228	A-C-97-127-1	\$404,158
Fiscal Year Formula Grant	14.228	A-F-97-127-1	<u>8,025</u>
Total Department of Housing and Urban Development			412,183
UNITED STATES DEPARTMENT OF JUSTICE <i>Passed Through Ohio Department of Justice</i>			
Community Oriented Policing Services	16.710	95-CF-WX-2347	7,787
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES <i>Passed Through Ohio Department of Health and Human Services</i>			
Area Agency on Aging	93.044		<u>6,141</u>
Total Expenditures of Federal Awards			<u>\$426,111</u>

The notes to the schedule of federal awards expenditures is an integral part of this statement.

**CITY OF GIRARD
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1998**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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

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

To the City Council:

We have audited the financial statements of City of Girard as of and for the year ended December 31, 1998, and have issued our report thereon dated October 21, 2000. Our report on the financial statements included an explanatory paragraph noting the city made certain changes in accounting for its deferred compensation program. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Girard's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instances of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1998-22178-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Girard's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated October 21, 2000.

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

This report is intended for the information and use of, management, City Council and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 21, 2000



**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the City Council:

Compliance

We have audited the compliance of the City of Girard, Trumbull County, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1998. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on City of Girard's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1998.

Internal Control Over Compliance

The management of the City of Girard is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Girard's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

City of Girard
Report of Independent Accountants on Compliance With Requirements
Applicable to Each Major Federal Program and Internal Control
Over Compliance In Accordance With OMB Circular A-133
Page 2

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

Jim Petro
Auditor of State

October 21, 2000

**CITY OF GIRARD
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 1998**

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion.	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level. (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level. (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion.	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Housing Improvement Program - CFDA #14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	Type A: >\$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Finding # 1998-21178-001

Ohio Revised Code 9.38 states that a public official other than a state officer, employee or agent shall deposit all public moneys received by him with the treasurer of the public office or properly designated depository once every twenty-four consecutive hours.

The newly appointed Clerk of Girard Municipal Court discovered undeposited cash and checks in a closet, located in the Clerk's Office on September 6, 1998. Judge Bernard was advised of the undeposited items. The Judge requested the City Auditor to conduct an audit of the Municipal Court records from August 1996 through September 1998. The Trumbull County Prosecutor and Sheriff were also contacted by Judge Bernard. Canceled checks and other banking information was not retained by the former Clerk. The County Sheriff subpoena bank records and obtained a search warrant for the former Clerk's home.

Photocopies of checks and deposits were obtained from Bank One to reconstruct bank activity. The City Auditor performed proofs of cash for the period. The results of the internal audit identified a cash shortage of \$24,147. The Prosecutor filed criminal charges against the former Clerk. The former Clerk plead guilty to theft in office. She was ordered by Trumbull County Court of Common Pleas to repay monies (including cost incurred by the City to identify the amount of the shortage), serve 100 hours of community service and was placed on three years probation. The unpaid amount the former clerk is responsible for must be repaid by the end of her probationary period. Reconstruction of the Municipal Court records by court software consultants, Henshon & Associates, determined the amount of the cash shortage to be \$24, 294.62. The Auditor of State reviewed and tested the work of Henshon & Associates.

The Clerk of Court of the Girard Municipal Court was not depositing bond or fine moneys to the designated depository accounts. Undeposited cash receipts for the period January 1, 1997 through August 31, 1998 amounted to \$24,294.62.

Ms. Renee L. Bornemiss, Girard Municipal Court Clerk, is individually statutorily responsible for making deposits. The \$24, 294.62 represents public monies collected but unaccounted for per Section 117.28, Ohio Revised Code.

Based on the foregoing facts, a finding for recovery is hereby returned against Renee L. Bornemiss, Clerk of Girard Municipal Court and the Ohio Government Risk Management, her bonding company, jointly and severally, in the amount of twenty four thousand two hundred ninety four dollars and sixty two cents (\$24,294.62) in favor of Municipal Court's criminal depository account at Bank One.

Finding # 1998-21178-002

Section 5705.41(B), Ohio Revised Code, prohibits a subdivision from making an expenditure unless it has been properly appropriated. Expenditures exceeded the appropriations as of December 31, 1998 in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>
General	\$3,908,943	\$4,361,016
Street Permissive	105,700	138,445
Garbage	273,600	304,110
Hospitalization	605,000	743,391
Recreation	148,140	166,898
Trash Haulers	4,080	6,397
Community Development Block Grant	414,000	449,016
Municipal Probation Services	72,000	162,000
Municipal Court Computer	75,000	146,780
Capital Improvement Special Projects	65,000	235,920
Capital Improvement Reimbursement	40,000	73,799
Capital Improvement Street Utilities	285,000	373,036
Water Revenue	2,213,967	2,306,280
Income Tax	3,036,488	3,486,155
Agency Reimbursement	130,000	1,275,386

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



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CITY OF GIRARD
TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 10, 2001**