



**CITY OF GIRARD  
TRUMBULL COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



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

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**STATE OF OHIO**



**CITY OF GIRARD  
TRUMBULL COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general-purpose financial statements of the City of Girard, Trumbull County, Ohio (the City) as of and for the year ended December 31, 2000, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 of Girard, Trumbull County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As described in Note 22 to the financial statements, the City has been declared to be in fiscal emergency under criteria established by Ohio Revised Code Chapter 118. This condition raises substantial doubt about the City's ability to continue as a going concern. Management's plans in regard to this matter are also discussed in Note 22. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City, 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 Districts, 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

December 31, 2001

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**City of Girard, Ohio**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups*  
*December 31, 2000*

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b><i>Assets and Other Debits</i></b>			
<b>Assets</b>			
Equity in Pooled Cash and Cash and Cash Equivalents	\$0	\$860,199	\$516,867
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Receivables:			
Taxes	453,997	472,614	24,759
Accounts	0	0	0
Interfund	0	0	1,765,535
Intergovernmental Receivable	49,314	43,739	26,898
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
<b>Other Debits</b>			
Amount to be Provided from General Government Resources	0	0	0
<b><i>Total Assets and Other Debits</i></b>	<b>\$503,311</b>	<b>\$1,376,552</b>	<b>\$2,334,059</b>



<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$292,746	\$0	\$23,412	\$0	\$0	\$1,693,224
0	0	55,965	0	0	55,965
0	0	0	0	0	951,370
810,009	250	0	0	0	810,259
0	0	0	0	0	1,765,535
0	0	0	0	0	119,951
14,157,203	0	0	9,179,861	0	23,337,064
0	0	0	0	8,061,033	8,061,033
<u>\$15,259,958</u>	<u>\$250</u>	<u>\$79,377</u>	<u>\$9,179,861</u>	<u>\$8,061,033</u>	<u>\$36,794,401</u>

(continued)

**City of Girard, Ohio**  
**Combined Balance Sheet**  
*All Fund Types and Account Groups (continued)*  
 December 31, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b><i>Liabilities, Fund Equity and Other Credits</i></b>			
<b>Liabilities</b>			
Accounts Payable	\$20,556	\$3,785	\$629
Contracts Payable	0	0	120,116
Interfund Payable	1,257,940	262,260	0
Accrued Wages and Benefits	68,373	15,950	0
Compensated Absences Payable	15,442	2,806	0
Intergovernmental Payable	47,274	10,199	0
Deferred Revenue	278,327	437,244	0
Undistributed Monies	0	0	0
Accrued Interest Payable	0	0	959
Notes Payable	0	0	37,142
Claims Payable	0	0	0
Fire and Police Pension Liability	0	0	0
Capital Leases Payable	0	0	0
OWDA Loans Payable	0	0	0
OPWC Loans Payable	0	0	0
<i>Total Liabilities</i>	<u>1,687,912</u>	<u>732,244</u>	<u>158,846</u>
<b>Fund Equity and Other Credits</b>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	9,152	13,931	4,502
Unreserved, Undesignated (Deficit)	(1,193,753)	630,377	2,170,711
<i>Total Fund Equity (Deficit) and Other Credits</i>	<u>(1,184,601)</u>	<u>644,308</u>	<u>2,175,213</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u>\$503,311</u>	<u>\$1,376,552</u>	<u>\$2,334,059</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	
\$195,911	\$0	\$0	\$0	\$0	\$220,881
39,931	0	0	0	0	160,047
208,957	0	36,378	0	0	1,765,535
19,381	0	0	0	0	103,704
168,340	0	0	0	805,471	992,059
29,401	0	0	0	143,233	230,107
0	0	0	0	0	715,571
0	0	37,523	0	0	37,523
0	0	0	0	0	959
0	0	0	0	6,234,902	6,272,044
0	37,154	0	0	0	37,154
0	0	0	0	309,183	309,183
155,774	0	0	0	409,238	565,012
4,731,461	0	0	0	0	4,731,461
0	0	0	0	159,006	159,006
<u>5,549,156</u>	<u>37,154</u>	<u>73,901</u>	<u>0</u>	<u>8,061,033</u>	<u>16,300,246</u>
0	0	0	9,179,861	0	9,179,861
1,043,104	0	0	0	0	1,043,104
8,667,698	(36,904)	0	0	0	8,630,794
0	0	0	0	0	27,585
0	0	5,476	0	0	1,612,811
<u>9,710,802</u>	<u>(36,904)</u>	<u>5,476</u>	<u>9,179,861</u>	<u>0</u>	<u>20,494,155</u>
<u>\$15,259,958</u>	<u>\$250</u>	<u>\$79,377</u>	<u>\$9,179,861</u>	<u>\$8,061,033</u>	<u>\$36,794,401</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, 2000*

	Governmental	
	General	Special Revenue
<b>Revenues</b>		
Municipal Income Tax	\$2,609,045	\$441,886
Property and Other Taxes	283,759	385,077
Charges for Services	0	84,741
Licenses, Permits and Fees	607,002	27,893
Fines and Forfeitures	0	211,648
Intergovernmental	539,909	1,160,081
Interest	113,036	1,521
Contributions and Donations	0	925
Other	26,902	3,275
<i>Total Revenues</i>	<u>4,179,653</u>	<u>2,317,047</u>
<b>Expenditures</b>		
Current:		
General Government	1,532,754	220,914
Security of Persons and Property	2,849,678	256,061
Public Health and Welfare	136,974	95,152
Transportation	37,718	704,598
Community Environment	225	325,526
Basic Utility Services	0	258,791
Leisure Time Activities	41,387	293,412
Capital Outlay	471,726	0
Debt Service:		
Principal Retirement	17,581	45,098
Interest and Fiscal Charges	3,379	17,654
<i>Total Expenditures</i>	<u>5,091,422</u>	<u>2,217,206</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(911,769)</u>	<u>99,841</u>
<b>Other Financing Sources</b>		
Proceeds of Notes	0	0
Inception of Capital Lease	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	(911,769)	99,841
<i>Fund Balances Beginning of Year</i>	<u>(272,832)</u>	<u>544,467</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$1,184,601)</u></u>	<u><u>\$644,308</u></u>

Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)
Capital Projects	Expendable Trust	
\$174,845	\$0	\$3,225,776
0	0	668,836
0	0	84,741
85,927	0	720,822
0	0	211,648
1,633,831	0	3,333,821
0	82	114,639
0	0	925
0	0	30,177
<u>1,894,603</u>	<u>82</u>	<u>8,391,385</u>
0	0	1,753,668
0	0	3,105,739
0	0	232,126
0	0	742,316
0	170	325,921
0	0	258,791
0	0	334,799
6,784,512	0	7,256,238
192,956	0	255,635
48,112	0	69,145
<u>7,025,580</u>	<u>170</u>	<u>14,334,378</u>
<u>(5,130,977)</u>	<u>(88)</u>	<u>(5,942,993)</u>
6,250,000	0	6,250,000
176,920	0	176,920
<u>6,426,920</u>	<u>0</u>	<u>6,426,920</u>
1,295,943	(88)	483,927
879,270	5,564	1,156,469
<u>\$2,175,213</u>	<u>\$5,476</u>	<u>\$1,640,396</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, 2000*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Municipal Income Tax	\$2,593,325	\$2,600,468	\$7,143
Property and Other Taxes	340,053	283,759	(56,294)
Charges for Services	0	0	0
Licenses, Permits and Fees	612,847	607,002	(5,845)
Fines and Forfeitures	0	0	0
Intergovernmental	516,635	514,776	(1,859)
Interest	135,000	113,036	(21,964)
Contributions and Donations	0	0	0
Other	47,400	26,902	(20,498)
<i>Total Revenues</i>	<u>4,245,260</u>	<u>4,145,943</u>	<u>(99,317)</u>
<b>Expenditures</b>			
<b>Current:</b>			
General Government	1,473,268	1,571,352	(98,084)
Security of Persons and Property	2,267,520	2,901,635	(634,115)
Public Health and Welfare	130,870	139,216	(8,346)
Transportation	28,175	40,696	(12,521)
Community Environment	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	32,320	41,387	(9,067)
Capital Outlay	0	0	0
<b>Debt Service:</b>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>3,932,153</u>	<u>4,694,286</u>	<u>(762,133)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	313,107	(548,343)	(861,450)
<b>Other Financing Sources</b>			
Proceeds of Notes	0	0	0
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	313,107	(548,343)	(861,450)
<i>Fund Balances (Deficit) Beginning of Year</i>	(253,937)	(253,937)	0
Prior Year Encumbrances Appropriated	6,914	6,914	0
<i>Fund Balances (Deficit) End of Year</i>	<u>\$66,084</u>	<u>(\$795,366)</u>	<u>(\$861,450)</u>

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$554,250	\$447,130	(\$107,120)	\$316,094	\$333,058	\$16,964
362,243	385,077	22,834	0	0	0
54,030	84,741	30,711	0	0	0
24,997	27,893	2,896	90,000	85,927	(4,073)
130,000	211,648	81,648	0	0	0
1,060,627	1,156,815	96,188	745,906	1,100,374	354,468
1,700	1,521	(179)	0	0	0
950	925	(25)	0	0	0
26,000	3,275	(22,725)	0	0	0
<u>2,214,797</u>	<u>2,319,025</u>	<u>104,228</u>	<u>1,152,000</u>	<u>1,519,359</u>	<u>367,359</u>
114,923	242,346	(127,423)	0	0	0
261,850	277,754	(15,904)	0	0	0
100,036	103,867	(3,831)	0	0	0
731,480	766,844	(35,364)	0	0	0
235,000	325,526	(90,526)	0	0	0
279,875	282,023	(2,148)	0	0	0
328,261	295,597	32,664	0	0	0
0	0	0	1,345,173	7,263,635	(5,918,462)
0	0	0	32,978	32,978	0
0	0	0	31,299	31,299	0
<u>2,051,425</u>	<u>2,293,957</u>	<u>(242,532)</u>	<u>1,409,450</u>	<u>7,327,912</u>	<u>(5,918,462)</u>
163,372	25,068	(138,304)	(257,450)	(5,808,553)	(5,551,103)
0	0	0	0	6,250,000	6,250,000
163,372	25,068	(138,304)	(257,450)	441,447	698,897
533,016	533,016	0	1,346,519	1,346,519	0
5,748	5,748	0	14,637	14,637	0
<u>\$702,136</u>	<u>\$563,832</u>	<u>(\$138,304)</u>	<u>\$1,103,706</u>	<u>\$1,802,603</u>	<u>\$698,897</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, 2000*

	Expendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Municipal Income Tax	\$0	\$0	\$0
Property and Other Taxes	0	0	0
Charges for Services	0	0	0
Licenses, Permits and Fees	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	0	0	0
Interest	90	82	(8)
Contributions and Donations	0	0	0
Other	0	0	0
<i>Total Revenues</i>	<u>90</u>	<u>82</u>	<u>(8)</u>
<b>Expenditures</b>			
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	195	170	25
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>195</u>	<u>170</u>	<u>25</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(105)	(88)	17
<b>Other Financing Sources</b>			
Proceeds of Notes	0	0	0
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	(105)	(88)	17
<i>Fund Balances (Deficit) Beginning of Year</i>	5,564	5,564	0
Prior Year Encumbrances Appropriated	0	0	0
<i>Fund Balances (Deficit) End of Year</i>	<u>\$5,459</u>	<u>\$5,476</u>	<u>\$17</u>

See accompanying notes to the general purpose financial statements



Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$3,463,669	\$3,380,656	(\$83,013)
702,296	668,836	(33,460)
54,030	84,741	30,711
727,844	720,822	(7,022)
130,000	211,648	81,648
2,323,168	2,771,965	448,797
136,790	114,639	(22,151)
950	925	(25)
73,400	30,177	(43,223)
<u>7,612,147</u>	<u>7,984,409</u>	<u>372,262</u>
1,588,191	1,813,698	(225,507)
2,529,370	3,179,389	(650,019)
230,906	243,083	(12,177)
759,655	807,540	(47,885)
235,195	325,696	(90,501)
279,875	282,023	(2,148)
360,581	336,984	23,597
1,345,173	7,263,635	(5,918,462)
32,978	32,978	0
31,299	31,299	0
<u>7,393,223</u>	<u>14,316,325</u>	<u>(6,923,102)</u>
218,924	(6,331,916)	(6,550,840)
<u>0</u>	<u>6,250,000</u>	<u>6,250,000</u>
218,924	(81,916)	(300,840)
1,631,162	1,631,162	0
<u>27,299</u>	<u>27,299</u>	<u>0</u>
<u>\$1,877,385</u>	<u>\$1,576,545</u>	<u>(\$300,840)</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, 2000*

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Operating Revenues</b>			
Charges for Services	\$3,466,536	\$977,597	\$4,444,133
Tap-In Fees	13,669	0	13,669
Other	164,380	0	164,380
<i>Total Operating Revenues</i>	<u>3,644,585</u>	<u>977,597</u>	<u>4,622,182</u>
<b>Operating Expenses</b>			
Personal Services	1,113,229	0	1,113,229
Contractual Services	1,042,788	68,219	1,111,007
Claims	0	926,928	926,928
Materials and Supplies	593,241	0	593,241
Depreciation	7,500	0	7,500
Other	136,297	0	136,297
<i>Total Operating Expenses</i>	<u>2,893,055</u>	<u>995,147</u>	<u>3,888,202</u>
<i>Operating Income (Loss)</i>	751,530	(17,550)	733,980
<b>Non-Operating Expenses</b>			
Interest and Fiscal Charges	(395,892)	0	(395,892)
<i>Net Income (Loss)</i>	355,638	(17,550)	338,088
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>8,312,060</u>	<u>(19,354)</u>	<u>8,292,706</u>
<i>Retained Earnings (Deficit) End of Year</i>	<u>8,667,698</u>	<u>(36,904)</u>	<u>8,630,794</u>
<i>Contributed Capital Beginning of Year</i>	976,402	0	976,402
Contributions During Year:			
Tap-In Fees	423	0	423
Intergovernmental	66,279	0	66,279
<i>Contributed Capital End of Year</i>	<u>1,043,104</u>	<u>0</u>	<u>1,043,104</u>
<i>Total Fund Equity (Deficit) End of Year</i>	<u>\$9,710,802</u>	<u>(\$36,904)</u>	<u>\$9,673,898</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, 2000

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for Services	\$3,470,000	\$3,451,461	(\$18,539)
Tap-In Fees	15,000	14,092	(908)
Other	57,000	164,380	107,380
<i>Total Revenues</i>	<u>3,542,000</u>	<u>3,629,933</u>	<u>87,933</u>
<b>Expenses</b>			
Current:			
Personal Services	1,155,236	1,310,613	(155,377)
Contractual Services	836,397	836,397	0
Claims	0	0	0
Materials and Supplies	533,064	612,980	(79,916)
Other	90,881	136,297	(45,416)
Capital Outlay	118,929	118,929	0
Debt Service:			
Principal Retirement	352,913	343,588	9,325
Interest and Fiscal Charges	385,360	385,360	0
<i>Total Expenses</i>	<u>3,472,780</u>	<u>3,744,164</u>	<u>(271,384)</u>
<i>Excess of Revenues Over (Under) Expenses</i>	69,220	(114,231)	(183,451)
<i>Fund Equity Beginning of Year</i>	154,451	154,451	0
<i>Prior Year Encumbrances Appropriated</i>	15,956	15,956	0
<i>Fund Equity End of Year</i>	<u>\$239,627</u>	<u>\$56,176</u>	<u>(\$183,451)</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, 2000*

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for Services	\$815,000	\$977,347	\$162,347
Tap-In Fees	0	0	0
Other	0	0	0
	<u>815,000</u>	<u>977,347</u>	<u>162,347</u>
<b>Expenses</b>			
Current:			
Personal Services	0	0	0
Contractual Services	56,887	68,219	(11,332)
Claims	758,113	909,128	(151,015)
Materials and Supplies	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
	<u>815,000</u>	<u>977,347</u>	<u>(162,347)</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>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$4,285,000	\$4,428,808	\$143,808
15,000	14,092	(908)
57,000	164,380	107,380
<u>4,357,000</u>	<u>4,607,280</u>	<u>250,280</u>
1,155,236	1,310,613	(155,377)
893,284	904,616	(11,332)
758,113	909,128	(151,015)
533,064	612,980	(79,916)
90,881	136,297	(45,416)
118,929	118,929	0
352,913	343,588	9,325
385,360	385,360	0
<u>4,287,780</u>	<u>4,721,511</u>	<u>(433,731)</u>
69,220	(114,231)	(183,451)
154,451	154,451	0
15,956	15,956	0
<u>\$239,627</u>	<u>\$56,176</u>	<u>(\$183,451)</u>

City of Girard, Ohio  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For The Year Ended December 31, 2000

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$3,451,461	\$0	\$3,451,461
Tap-In Fees	13,669	0	13,669
Cash Received from Quasi-External Transactions with Other Funds	0	977,347	977,347
Cash Payments to Suppliers for Goods and Services	(612,980)	0	(612,980)
Cash Payments for Contractual Services	(787,207)	(68,219)	(855,426)
Cash Payments for Employee Services and Benefits	(1,283,000)	0	(1,283,000)
Cash Payments for Claims	0	(909,128)	(909,128)
Other Cash Receipts	164,380	0	164,380
Other Cash Payments	(136,297)	0	(136,297)
<b>Net Cash Provided By Operating Activities</b>	<b>810,026</b>	<b>0</b>	<b>810,026</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Advances from Other Funds	208,957	0	208,957
Advances to Other Funds	(148,072)	0	(148,072)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>60,885</b>	<b>0</b>	<b>60,885</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of Fixed Assets	(118,929)	0	(118,929)
Tap-In Fees	423	0	423
Principal Payments - OWDA Loans	(343,588)	0	(343,588)
Interest Payments - OWDA Loans	(385,360)	0	(385,360)
Principal Payments - Capital Lease	(38,658)	0	(38,658)
Interest Payments - Capital Lease	(10,532)	0	(10,532)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(896,644)</b>	<b>0</b>	<b>(896,644)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(25,733)</b>	<b>0</b>	<b>(25,733)</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>318,479</b>	<b>0</b>	<b>318,479</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$292,746</b>	<b>\$0</b>	<b>\$292,746</b>

(continued)

City of Girard, Ohio  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types (continued)  
 For The Year Ended December 31, 2000

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</b>			
<i>Operating Income (Loss)</i>	\$751,530	(\$17,550)	\$733,980
<i>Adjustments:</i>			
Depreciation	7,500	0	7,500
Increase in Accounts Receivable	(15,075)	(250)	(15,325)
Increase/(Decrease) in Liabilities:			
Accounts Payable	80,247	0	80,247
Contracts Payable	39,931	0	39,931
Accrued Wages and Benefits	6,279	0	6,279
Compensated Absences Payable	(28,955)	0	(28,955)
Intergovernmental Payable	(31,431)	0	(31,431)
Claims Payable	0	17,800	17,800
<b>Total adjustments</b>	<u>58,496</u>	<u>17,550</u>	<u>76,046</u>
<b><i>Net Cash Provided By Operating Activities</i></b>	<u><u>\$810,026</u></u>	<u><u>\$0</u></u>	<u><u>\$810,026</u></u>

See accompanying notes to the general purpose financial statements  
 During 2000 the enterprise fund's fixed assets increased by \$66,279 for assets acquired with Trumbull  
 County paying a portion of the Ohio Water Development Authority Debt.

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**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

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

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

**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 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, both jointly governed organizations. These organizations are presented in Note 18 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, 2000  
(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.

**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, 2000  
(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, 2000  
(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, 2000, 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. Unbilled service charges receivable are recognized as revenue at year end.

**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 2000.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(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. 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. The capital projects fund made an advance to the general fund, recreation and COPS special revenue funds, the sewer enterprise fund and the agency reimbursement agency fund to eliminate the funds' negative cash balances. The general fund, recreation and COPS special revenue funds, sewer enterprise fund and the agency reimbursement agency fund have interfund payables for the amount of the advance received from the capital projects fund and the capital projects fund has an interfund receivable for the same amount on the combined balance sheet.

During 2000, 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 2000 amounted to \$113,036, which includes \$97,415 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.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

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 not purchased from the pool are reported as investments.

**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, 2000 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 one thousand 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.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

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

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 2000, 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. The amount is based on the sick leave accumulated and employee's wage rates at December 31, taking into consideration any limits specified in the City's termination policy.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

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

**J. Intergovernmental Revenues**

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



**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**3. BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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  
All Governmental Fund Types and Similar Trust Fund

	General	Special Revenue	Capital Projects	Expendabl e Trust
GAAP Basis	(\$911,769)	\$99,841	\$1,295,943	(\$88)
Net Adjustment for Revenue	(33,710)	1,978	(552,164)	0
Net Adjustment for Expenditure	406,288	(63,326)	(294,259)	0
Encumbrances	(9,152)	(13,425)	(8,073)	0
Budget Basis	<u>(\$548,343)</u>	<u>\$25,068</u>	<u>\$441,447</u>	<u>(\$88)</u>

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

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

	Enterprise	Internal Service
GAAP Basis	\$355,638	(\$17,550)
Net Adjustment for		
Revenue Accruals	(81,354)	(250)
Tap-In Fees	423	0
Intergovernmental	66,279	0
Net Adjustment for		
Expense Accruals	(11,247)	17,800
Capital Lease Principal	38,658	
Principal Retirement	(343,588)	0
Capital Outlay	(118,929)	0
Depreciation	7,500	0
Encumbrances	(27,611)	0
Budget Basis	(\$114,231)	\$0

**4. ACCOUNTABILITY AND COMPLIANCE**

**A. Fund Deficits**

The following funds had deficit fund balances/retained earnings as of December 31, 2000:

General Fund	\$1,184,601
Special Revenue Funds:	
Recreation	12,067
COPS Federal Grant	242,332
Health Insurance Internal Service Fund	36,904

The general fund deficit is caused by expenditures exceeding revenues and by the recognition of expenditures on the modified accrual basis of accounting. The City is making a concerted effort to reduce expenditures.

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

The internal service fund retained earnings deficit resulted from the application of generally accepted accounting principles. The City will review the operations to determine what steps need to be taken to insure that the fund is self-sustaining.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

**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:			
COPS Federal Grant	\$129,464	\$200,300	(\$70,836)

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			
Income Tax			
Personal Services	\$174,775	\$195,934	(\$21,159)
Materials and Supplies	47,325	54,309	(6,984)
Mayor			
Personal Services	8,225	10,990	(2,765)
Materials and Supplies	697	1,016	(319)
Legal			
Personal Services	61,825	78,771	(16,946)
Materials and Supplies	850	1,674	(824)
Finance			
Personal Services	38,642	52,242	(13,600)
Materials and Supplies	17,650	27,017	(9,367)
Civil Service			
Personal Services	53,625	78,866	(25,241)
Engineering			
Personal Services	23,850	41,845	(17,995)
Materials and Supplies	11,200	12,028	(828)
City Hall			
Personal Services	49,225	81,990	(32,765)
Materials and Supplies	78,250	98,244	(19,994)
Miscellaneous			
Personal Services	55,375	64,489	(9,114)
Contractual Services	6,850	9,084	(2,234)
Capital Outlay	40,000	46,068	(6,068)
Security of Persons and Property			
Police Department			
Personal Services	1,201,400	1,454,428	(253,028)
Materials and Supplies	88,400	111,393	(22,993)
Fire Department			
Personal Services	909,620	1,259,898	(350,278)
Materials and Supplies	40,100	45,808	(5,708)
Contractual Services	28,000	30,108	(2,108)

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

Fund Type/Fund	Appropriations	Expenditures plus Encumbrances	Excess
Public Health and Welfare			
Health Department			
Personal Services	124,870	133,397	(8,527)
Transportation			
Elderly Transportation			
Personal Services	28,175	40,696	(12,521)
Leisure Time Activities			
Lakes			
Personal Services	18,320	22,771	(4,451)
Materials and Supplies	14,000	18,616	(4,616)
<i>Special Revenue Funds:</i>			
Street Construction			
Transportation	\$610,750	\$647,922	(\$37,172)
Garbage			
Basic Utility Services	279,875	282,023	(2,148)
Health			
General Government	20,898	25,358	(4,460)
Public Health and Welfare	12,521	13,567	(1,046)
Elderly Bus Fare			
Transportation	3,625	7,616	(3,991)
Law Enforcement			
General Government	5,000	8,328	(3,328)
CHIP/CHIS			
Community Environment	150,000	294,504	(144,504)
COPS			
Security of Persons and Property	200,300	215,964	(15,664)
Fire Pension			
Security of Persons and Property	30,775	30,895	(120)
Police Pension			
Security of Persons and Property	30,775	30,895	(120)
Cemetery			
Public Health Services	87,515	90,300	(2,785)
Municipal Probation			
General Government	72,000	208,660	(136,660)
<i>Capital Projects Funds:</i>			
Capital Improvement			
Capital Outlay	1,285,573	7,237,018	(5,951,445)
<i>Enterprise Funds:</i>			
Water Fund			
Materials and Supplies	261,849	272,241	(10,392)
Personal Services	663,218	678,130	(14,912)
Sewer Fund			
Materials and Supplies	271,215	340,739	(69,524)
Personal Services	492,018	632,483	(140,465)
Other	60,500	105,916	(45,416)
<i>Health Insurance Internal Service Fund</i>			
Contractual Services	56,887	68,219	(11,332)
Claims	758,113	909,128	(151,015)

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

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

Additional budgetary violations are as follows:

Reduced amended certificates as required by Section 5705.36, Ohio Revised Code, were not obtained for five funds.

Purchase obligations were not always certified and encumbered as required by Section 5705.41(D), Ohio Revised Code.

Six funds reflected negative cash fund balances as of December 31, 2000 which is contrary to Section 5705.10, Ohio Revised Code.

Financial activity pertaining to the construction of the Justice Center was not reflected in City financial records as required by Section 733.11, Ohio Revised Code.

Payments made to contractors for the construction of the Justice Center were not made on City checks/warrants as required by Section 705.08, Ohio Revised Code.

Change orders relating to City contracts were not approved by the City's Board of Control as required by Section 737.07, Ohio Revised Code.

Certain City contracts/purchase agreements were entered into without first being authorized and directed by ordinance of the City's legislative authority as required by Section 735.05, Ohio Revised Code.

A City contract for the purchase of an x-ray machine for security use in the Justice Center was not let for competitive bidding as required by Section 735.05, Ohio Revised Code.

Authorization for work performed for the Justice Center parking lot was done in an executive session of the City's legislative authority which is contrary to Section 121.22, Ohio Revised Code.

Expenditures for certain City capital improvement projects were paid from funds contrary to City ordinances.

Expenditures were made for interest and bond counsel fees from note proceeds which were restricted as to use by City ordinance for Justice Center construction purposes.

**5. DEPOSITS AND INVESTMENTS**

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

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

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the 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).

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.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

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 \$661,923 and the bank balance was \$2,368,822. \$400,000 of the bank balance was covered by federal depository insurance. \$1,968,822 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 City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name.

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	\$1,087,266	\$1,087,266	\$1,087,266

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	\$1,749,189	\$0
Investments Which are Part Cash Management Pool: Repurchase Agreement	(1,087,266)	1,087,266
GASB Statement No. 3	\$661,923	\$1,087,266

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**6. PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2000 for real and public utility property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

2000 real property taxes are levied after October 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and collected in 2001 real property taxes.

2000 tangible personal property taxes are levied after October 1, 1999 on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2000, was \$8.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Property	\$103,160,790
Public Utility Property	7,218,390
Tangible Personal Property	<u>15,461,677</u>
Total Valuation	<u><u>\$125,840,857</u></u>

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single 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 at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Girard. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2000 operations. The receivable is offset by deferred revenue.

**7. RECEIVABLES**

Receivables at December 31, 2000, 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, 2000  
(Continued)**

**7. RECEIVABLES - (Continued)**

A summary of the principal items of intergovernmental receivables follows:

	Amount
<b>General Fund:</b>	
Local Government	\$47,777
Permissive Tax	1,537
<i>Total General Fund</i>	49,314
<b>Special Revenue Funds:</b>	
Street Construction	23,542
State Highway	1,908
Street Permissive	6,653
Elderly Bus Fare	\$2,438
CHIPS	9,198
<i>Total Special Revenue Funds</i>	43,739
<b>Capital Projects Funds:</b>	
Capital Improvements	26,898
<i>Total</i>	\$119,951

**8. 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: 86.5 percent to the general fund, 0.5 percent to the street repair and maintenance special revenue fund, 1.5 percent to the recreation special revenue fund, 1.0 percent to the cemetery special revenue fund, 5.0 percent to the street utilities special revenue fund, and 5.5 percent to the capital projects fund.

**9. 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, 2000.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

(Continued)

**9. CONTINGENCIES**

**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.

**10. FIXED ASSETS**

A summary of the enterprise fund's fixed assets as of December 31, 2000, follows:

Land and Improvements	\$4,187,169
Buildings	9,584,971
Equipment	173,276
Vehicles	113,636
Water and Sewer Lines	929,653
Total	14,988,705
Less: Accumulated Depreciation	(831,502)
Net Fixed Assets	\$14,157,203

A summary of changes in general fixed assets follows:

	Balance January 1,	Additions	Deductions	Balance December 31,
Land and Improvements	\$784,993	\$273,040	\$0	\$1,058,033
Buildings	445,001	4,384,492	0	4,829,493
Equipment	1,331,920	539,526	0	1,871,446
Vehicles	1,414,135	22,754	16,000	1,420,889
Construction in Progress	445,774	3,915,993	4,361,767	0
Total	\$4,421,823	\$9,135,805	\$4,377,767	\$9,179,861

**11. NOTE PAYABLE**

Changes in the City's note activity for the year ended December 31, 2000, were as follows:

	Outstanding January 1, 2000	Additions	(Reductions)	Outstanding December 31,
Capital Improvement - Matures July 7, 2004	\$46,428	\$0	(\$9,286)	\$37,142

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.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

(Continued)

**12. LONG-TERM OBLIGATIONS**

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

Debt Issue	Original Issue Amount	Year of Maturity
<b>Enterprise Funds:</b>		
Ohio Water Development Authority Loans:		
Water Distribution	\$441,086	2017
Lakes Project	2,513,646	2015
Liberty Water	47,158	2017
Sewer Plant	4,267,088	2007
<b>General Long-term Obligations:</b>		
Ohio Public Works Commission Loan	\$171,897	2019
Justice Center Note	4,000,000	2019
Street Widening Note	2,500,000	2020

Changes in long-term obligations of the City during 2000 were as follows:

	Outstanding January 1, 2000	Additions	(Reductions)	Outstanding December 31, 2000
<b>Enterprise Fund Obligations:</b>				
<i>Ohio Water Development Authority Loans</i>				
1998 - 6.36%				
Water Distribution	\$410,760	\$0	\$13,463	\$397,297
1996 - 6.87%				
Lakes Project	2,197,494	0	83,910	2,113,584
1997 - 6.36%				
Liberty Water	43,218	0	1,484	41,734
1988 - 8.48%				
Sewer Plant	2,423,577	0	244,731	2,178,846
<i>Total Ohio Water Development Authority Loans</i>	<u>5,075,049</u>	<u>0</u>	<u>343,588</u>	<u>4,731,461</u>
Capital Leases	194,432	0	38,658	155,774
<i>Total Enterprise Fund Obligations</i>	<u>5,269,481</u>	<u>0</u>	<u>382,246</u>	<u>4,887,235</u>
<b>General Long-Term Obligations:</b>				
<i>Notes Payable</i>				
Justice Center - 5.41%	0	4,000,000	10,082	3,989,918
Street Widening - 5.75%	0	250,000	250,000	0
Street Widening - 5.75%	0	2,250,000	5,016	2,244,984
<i>Total Notes Payable</i>	<u>0</u>	<u>6,500,000</u>	<u>265,098</u>	<u>6,234,902</u>
Compensated Absences	799,517	5,954	0	805,471
Intergovernmental Payable	166,187	143,233	166,187	143,233
Fire and Police Pension Liability	313,090	0	3,907	309,183
Capital Leases	460,354	176,920	228,036	409,238

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

(Continued)

	Outstanding January 1, 2000	Additions	(Reductions)	Outstanding December 31, 2000
OPWC Loans - 0%	167,600	0	8,594	159,006
<i>Total General Long-Term Obligations</i>	1,906,748	6,826,107	671,822	8,061,033
<i>Total All Types</i>	<u>\$7,176,229</u>	<u>\$6,826,107</u>	<u>\$1,054,068</u>	<u>\$12,948,268</u>

The justice center and street widening notes are payable monthly from the permanent improvement capital projects fund. 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 semi-annually from the Police Pension and Fire Pension special revenue funds. Payment is made from unvoted property tax revenues. Capital leases were paid from various revenues from the general, special revenue, capital projects, and enterprise funds. OWDA loans will be paid from water and sewer enterprise fund user service charges. OPWC loans and notes payable will be paid with monies from Capital Improvements capital projects fund.

The City's overall legal debt margin was \$6,804,286 at December 31, 2000. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2000, are as follows:

	Ohio Water Development Authority	Ohio Public Works Commission	Fire and Police Pension Liability	Notes Payable
2001	\$861,924	\$8,594	\$17,173	\$287,710
2002	861,924	8,594	17,173	526,941
2003	861,924	8,594	17,173	526,941
2004	861,924	8,594	17,173	526,941
2005	861,924	8,594	17,173	526,941
2006-2010	2,268,329	42,970	86,865	2,634,705
2011-2015	1,276,051	42,970	86,865	2,634,705
2016-2020	63,604	30,096	86,865	2,297,327
2021-2025	0	0	86,865	0
2026-2030	0	0	86,865	0
2031-2035	0	0	86,865	0
2036-2040	0	0	35,346	0
Total	<u>\$7,917,604</u>	<u>\$159,006</u>	<u>\$642,401</u>	<u>\$9,962,211</u>

**13. 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, 2000, the liability for unpaid compensated absences was \$992,059 for the entire City.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**(Continued)**

**14. DEFINED BENEFIT PENSION PLANS**

**A. Public Employees Retirement System**

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$167,656, \$225,596, and \$195,575, respectively. The full amount has been contributed for 1999 and 1998. 76.38 percent has been contributed for 2000 with the remainder being reported as a liability in the general long-term obligations account group.

**B. Ohio Police and Fire Pension Fund**

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F 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. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215 - 5164.

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 12.25 percent for police and 16.75 percent for firefighters. For 1999, the City contributions were 12.5 percent for police and 17 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$125,354 and \$139,562 for the year ended December 31, 2000, \$126,404 and \$131,210 for the year ended December 31, 1999, \$128,772 and \$136,492 for the year ended December 31, 1998. The full amount has been contributed for 1999 and 1998. 72.19 percent and 67.62 percent, respectively, have been contributed for 2000 with the remainder being reported as a liability in the general long-term obligations account group.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2000, the unfunded liability of the City was \$309,183 payable in semi-annual 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

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**(Continued)**

**15. 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. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit 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 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund postemployment benefits were \$110,233. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

**B. Ohio Police and Fire Pension Fund**

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

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

(Continued)

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire 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 7.25 percent of covered payroll was applied to the postemployment health care program during 2000. For 1999, the percent used to fund healthcare was 7 percent. 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 2000 that were used to fund postemployment benefits were \$74,189 for police and \$60,407 for fire. The OP&F's total health care expenses for the year ended December 31, 1999, (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters.

**16. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2000, the City contracted with several companies for various types of insurance as follows:

Company	Type	Coverage
Love Insurance, Inc.	Commercial Liability	\$1,000,000/\$3,000,000
	Public Officials	1,000,000/2,000,000
	Law Enforcement	1,000,000/2,000,000
	Automobile	1,000,000
	Automobile Physical Damage	646,584
	Real and Personal Property	15,963,534
	Inland Marine	896,602
	Business Electronic Equipment	71,836
	Commercial Crime	10,000
	Bonds - Employees and Officials	10,000

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 to its employees 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 \$37,154 have been accrued as a liability based on a review of January, 2001 billings provided by the City Auditor's Office.

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

(Continued)

**16. RISK MANAGEMENT** (continued)

The claims liability of \$37,154 reported in the internal service funds at December 31, 2000 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, 1999 and 2000 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1998	\$27,065	\$722,015	\$691,502	\$57,578
1999	57,578	716,422	754,646	19,354
2000	19,354	926,928	909,128	37,154

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

**17. SEGMENT INFORMATION**

The City's enterprise funds account for the provision of sewer and water services. The table below reflects, in a summarized format, the more significant data relating to the enterprise funds of the City of Girard as of and for the year ended December 31, 2000:

	Sewer Fund	Water Fund	Total
Operating Revenues	\$1,573,426	\$2,071,159	\$3,644,585
Depreciation Expense	2,230	5,270	7,500
Operating Income	578,141	173,389	751,530
Net Income (Loss)	372,622	(16,984)	355,638
Fixed Asset Additions	107,868	11,061	118,929
Current Capital Contributions	66,279	423	66,702
Net Working Capital	28,951	256,109	285,060
Total Assets	11,979,550	3,280,408	15,259,958
Long-Term Liabilities	2,178,846	2,552,615	4,731,461
Total Equity	9,488,170	222,632	9,710,802
Encumbrances	8,955	18,656	27,611

**18. JOINTLY GOVERNED ORGANIZATIONS**

**A. Eastgate Development and Transportation Agency**

The Eastgate Development and Transportation Agency (EDATA) is committed to foster 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 member. Funding comes from each of the members. In 2000, the City contributed \$3,956 to the Eastgate Development and Transportation Agency.



**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

(Continued)

**18. JOINTLY GOVERNED ORGANIZATIONS - (continued)**

**B. Emergency Management Agency**

The Emergency Management Agency is a jointly governed organization among the thirty-four subdivisions located within Trumbull County. The eight members of the advisory board are appointed by the thirty-four member subdivisions. The degree of control exercised by any participating government is limited to its representation on the Board. The Agency adopts its own budget, authorizes expenditures and hires and fires its own staff. In 2000, the City contributed \$2,374 to the Emergency Management Agency.

**19. INTERFUND TRANSACTIONS**

Interfund balances at December 31, 2000, consist of the following interfund receivable and payables:

	Receivable	Payable
General Fund:	\$0	\$1,257,940
Special Revenue Funds:		
Recreation	0	25,760
COPS	0	236,500
<i>Total Special Revenue Funds:</i>	0	262,260
Capital Projects Funds	1,765,535	0
Sewer Enterprise Fund	0	208,957
Agency Reimbursement Agency Fund	0	36,378
<i>Total</i>	\$1,765,535	\$1,765,535

**20. CAPITAL LEASES**

In prior years, the City entered into capitalized leases for the acquisition of computers and vehicles. During 2000, the City entered into a new capital lease for a vehicle, accounted for in the general fund and automated water meters, accounted for in the enterprise funds. The computer lease is accounted for as an expenditure in the general fund with offsetting amounts reported as other financing sources. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the general purpose financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

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

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

(Continued)

**20. CAPITAL LEASES - (continued)**

The following schedule is an analysis of equipment leased under capital leases as of December 31, 2000:

	General Fixed Assets	Enterprise
Equipment	\$2,949,946	\$204,620
Less: Accumulated Depreciation	0	(15,000)
Carrying Value	<u>\$2,949,946</u>	<u>\$189,620</u>

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, 2000:

Year	General Long-Term Obligations	Enterprise
2001	\$182,690	\$49,638
2002	142,875	49,638
2003	88,674	38,712
2004	39,334	38,712
Total minimum lease payments	453,573	176,700
Less: Amount representing	(44,335)	(20,926)
Present value of minimum lease	<u>\$409,238</u>	<u>\$155,774</u>

**21. CONTRACTUAL COMMITMENTS**

The City had the following contractual commitments outstanding at December 31, 2000:

Project	Contract Amount	Amount Paid	Remaining on Contract
General Contractor	\$2,265,103	(\$2,125,752)	\$139,351
Electrical Contractor	610,612	(560,435)	50,177
Security Contractor	324,012	(293,077)	30,935
Heating, Ventilating, and Air Conditioner Contractor	599,350	(541,709)	57,641
Pumping and Fire Suppression Contractor	297,878	(281,585)	16,293
Furnishing and Equipment	107,912	(86,229)	21,683
Contracts for Services	2,856,073	(1,138,938)	1,717,135
Total	<u>\$7,060,940</u>	<u>(\$5,027,725)</u>	<u>\$2,033,215</u>

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**(Continued)**

**22. SIGNIFICANT SUBSEQUENT EVENTS**

In accordance with Ohio Revised Code Chapter 118, the City was placed under fiscal emergency by the Auditor of State on August 8, 2001. The declaration of fiscal emergency results from the City's expenditures exceeding revenues and relying on carry over cash balances from prior years as well as failing to meet debt obligations.

The City had deficit fund balances as of December 31, 2000 in the following funds:

As of December 31, 2000 the following funds had deficit fund balances: General Fund (\$1,184,601), Recreation Fund (\$26,011), Agency Reimbursement Fund (\$36,378), Sewer Rental Fund (\$252,878), Cops Grant Fund (236,500), Capital Improvement Building Fund (\$124,582).

Under Chapter 118 a financial planning and supervision commission was established on September 25, 2001 to oversee all fiscal decisions and activities of the City. The commission is analyzing fund operations to determine appropriate steps to alleviate the deficits. The commission is currently in the process of developing a fiscal plan to define the appropriate steps the city will use to alleviate the deficits. The plan is scheduled to be completed by March 31, 2002.

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**CITY OF GIRARD  
TRUMBULL COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2000**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> <b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity's Number</b>	<b>Disbursements</b>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant			
Community Housing Improvement Program	14.228	A-C-99-127-1	43,181
Fiscal Year Formula Grant	14.228	A-F-98-127-1	12,200
	14.228	A-F-99-127-1	<u>67,100</u>
Sub-Total Community Development Block Grant			122,481
Home Investment Partnership Program	14.239	A-C-99-127-2	<u>161,686</u>
Total Department of Housing and Urban Development			284,167
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>			
<i>Passed Through Ohio Department of Justice</i>			
Community Oriented Policing Services	16.710	95-CF-WX-2347	75,000
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Health and Human Services</i>			
Area Agency on Aging	93.044		<u>7,359</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>366,526</u></u>

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

**CITY OF GIRARD  
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2000**

**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.



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

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

We have audited the financial statements of the City of Girard, Trumbull County, Ohio (the City) as of and for the year ended December 31, 2000, and have issued our report thereon dated December 31, 2001, wherein we noted conditions raising substantial doubt about the City's ability to continue as a going concern. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 instances of noncompliance that are required to be reported herein under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-21178-001 through 2000-21178-012. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated December 31, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City of Girard's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2000-21178-013 through 2000-21178-016.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items 2000-21178-013 through 2000-21178-016 to be material weaknesses. We also 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 City of Girard in a separate letter dated December 31, 2001.

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

This report is intended for the information and use of the audit committee, management, 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

December 31, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Voniovich Government Center  
242 Federal Plaza West, Suite 302  
Youngstown, Ohio 44503

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

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

**Compliance**

We have audited the compliance of City of Girard 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 its major federal program for the year ended December 31, 2000. City of Girard's major federal program is 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 its major federal program is the responsibility of City of Girard'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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 City of Girard'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 City of Girard's compliance with those requirements.

In our opinion, City of Girard complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

**Internal Control Over Compliance**

The management of 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 a material weakness, however we noted a matter involving the internal controls over compliance that did not require inclusion in this report, that we have reported to management of the City of Girard in a separate letter dated December 31, 2001.

This report is intended for the information and use of the audit committee, management, City Council, and federal awarding 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

December 31, 2001

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**CITY OF GIRARD  
TRUMBULL COUNTY  
JANUARY 1, 2000 THROUGH DECEMBER 31, 2000**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

<b>Finding Number</b>	2000-21178-001
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**Ohio Rev. Code Section 733.13** places the responsibility for not expending money unless it has been appropriated with the City Auditor. This section states, the City Auditor shall not allow the amount set aside for any appropriations to be overdrawn, or the amount appropriated for one item of expense to be drawn upon for any other purpose.

City of Girard  
 Trumbull County  
 Schedule of Findings

**Ohio Rev. Code Section 5705.41 (B)**, states that no subdivision or taxing unit is to expend money unless it has been appropriated. As of December 31, 2000 the following funds had expenditures in excess of appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund	3,932,153	4,694,286	(762,133)
Street Construction Fund	610,750	647,922	(37,172)
Garbage Fund	279,875	282,023	(2,148)
Special Restaurant Lic. Fund	4,575	5,055	(480)
Weed Cutting Fund	760	1,033	(273)
Condemned Homes Fund	5,230	12,026	(6,796)
Elderly Bus Fare Fund	3,625	7,616	(3,991)
Law Enforcement Drug Fund	5,000	8,328	(3,328)
Chip/Chis Account Fund	150,000	294,504	(144,504)
Cops Fund	200,300	215,964	(15,664)
Fire Pension	30,775	30,895	(120)
Police Pension	30,775	30,895	(120)
Cemetery Fund	87,515	90,300	(2,785)
Capital Improvement Special Proj. Fund	65,000	68,909	(3,909)
Capital Improvement Safety Fund	148,050	236,897	(88,847)
Capital Improvement Building Fund	286,750	4,429,479	(4,142,729)
Capital Improvement Street Utilities Fund	613,550	2,356,490	(1,742,940)
Lakes Dam Project Fund	136,500	178,520	(42,020)
Water Revenue Fund	2,069,673	2,086,168	(16,495)
Water Deposits Fund	18,000	19,655	(1,655)
Sewer Rental Fund	1,291,151	1,588,957	(297,806)
Hospitalization Fund	815,000	977,347	(162,347)
Municipal Court Probation Fund	72,000	208,660	(136,660)
Agency Reimbursement Fund	60,000	910,090	(850,090)

City of Girard  
 Trumbull County  
 Schedule of Findings

At December 31, 2000 expenditures exceeded the appropriations for the twenty-four funds listed above. This would indicate that the amount set aside for appropriations in these funds were overdrawn.

In addition to the funds listed above, the City also failed to appropriate \$3,500,000 which was expended for the repayment of an outstanding note held at Second National Bank. This \$3,500,000 was not posted to the City's financial statements. The City's financial statements have been adjusted to reflect this debt payment.

We recommend the City establish control procedures to provide assurance that requirements established by Ohio Revised Code are adhered to.

<b>Finding Number</b>	2000-21178-002
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**Ohio Rev. Code Section 5705.36**, provides in part, that a reduced amended certificate must be obtained if the amount of a deficiency in receipts will reduce available resources below the current level of appropriation.

The City had estimated resources exceeding actual receipts and unencumbered fund balances for the year ending December 31, 2000 for the following funds:

General Fund	\$105,314
Recreation Fund	59,705
Law Enforcement Fund	651
COPS Grant Fund	150,000
Municipal Court Comp Fund	16,337

The failure to obtain a reduced certificate contributed to the General, Recreation, and COPS Grant Funds having deficit cash balances as noted in Finding Number 2000-21178-004.

We recommend that the City monitor their actual receipts and compare them to the estimated resources and make the necessary amendments to the certificate of estimated resources.

<b>Finding Number</b>	2000-21178-003
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**Ohio Rev. Code Section 5705.41 (D)**, states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriation fund free from any previous encumbrances. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the taxing authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificates, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may issue a warrant upon completing a then and now certificate, but may authorize it to be paid without the affirmation of the Council.

Of the transactions tested 7% of the liabilities, contracts, and open purchase commitments greater than \$1,000 were not certified by the City Auditor and were not encumbered. These commitments were not subsequently approved by the taxing authority or the fiscal officer within the aforementioned 30 day time period. Finding # 2000-21178-001 lists twenty-four funds whose expenditures exceeded their appropriations and a \$3,500,000 note payment which the City failed to appropriate. These expenditures all exceeded appropriations therefore they could not have been properly certified by the fiscal officer and neither of the two exceptions detailed above could have been applied.

We recommend the City discontinue the practice of making expenditures without the proper certification as described above. We recommend a formal policy be adopted which would provide internal controls which would reduce the risk that expenditures could be made without the proper certification.

<b>Finding Number</b>	2000-21178-004
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**Ohio Rev. Code Section 733.13**, prohibits the City Auditor from issuing a voucher for payment unless sufficient funds are in the treasury of the municipal corporation to the credit of the fund upon which such voucher is drawn. Negative fund balances indicate that sufficient funds were not in the treasury to the credit of the fund that vouchers were drawn upon.

**Ohio Rev. Code Section 5705.10**, states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenditures of another fund.

Contrary to the two sections described above, the City had negative cash fund balances as of December 31, 2000 in the following funds:

General Fund	(\$1,268,174)	Sewer Rental Fund	(\$ 252,878)
Recreation Fund	(26,011)	Cops Grant Fund	(236,500)
Agency Reimbursement Fund	(36,378)	Capital Imp. Bldg. Fund	(124,582)

The non-compliance issues described in the preceding paragraphs are direct results of the lack of budgetary compliance and controls as reported in Findings numbered 2000-21178-001 through 2000-21178-003.

We recommend the City establish internal control procedures and policies that will strengthen the controls over budgetary compliance.

<b>Finding Number</b>	2000-21178-005
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**Ohio Rev. Code Section 733.11**, requires the City Auditor, to keep accurate statements of all monies received and expended, of all property owned by the City and the income derived therefrom.

As noted in the 1999 audit report the City received note proceeds of \$3,500,000 on December 14, 1999 to be expended for the construction of the Justice Center. Further, review of the construction of the Justice Center revealed that \$445,774 in payments to contractors had been issued during December 1999. The City's financial reports, as well as the December 31, 1999 cash reconciliation did not reflect the receipt of this note or the payments to the contractors referred to above.

City of Girard  
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For the calendar year 2000 the City continued the practice of making payments to the contractors for the Justice Center project and not reflecting these payments on the City's financial reports or the monthly cash reconciliations through November 2000. On November 28, 2000 the City sold a note in the amount of \$4,000,000 to Second National Bank. The note proceeds were used to repay the \$3,500,000 note described in the proceeding paragraph with the remaining \$500,000 to be used for additional construction costs incurred on the Justice Center project. Neither the \$4,000,000 note proceed or the note payment of \$3,500,000 were reflected on the City's monthly financial reports or the cash fund balances.

In December 2000 the City posted revenue for \$3,913,140, which is identified as the Justice Center Loan. Also, in December the City posted five expenditures which totaled \$3,802,558.18. These expenditures represented the total which had been paid to the five major contractors involved with the Justice Center project between December 14, 1999 through December 31, 2000. Prior to this posting these payments were not being reflected on the monthly financial records or within the fund cash balances.

In addition to the situations listed above, as of December 31, 2000 the City had a balance of \$86,855.32 in a checking account at Second National Bank which represents the remaining revenues from the \$4,000,000 note. This balance was not being reported as part of the City's fund cash balances as of December 31, 2000.

As prescribed above, the City Auditor should have posted these transactions when they occurred and reported the revenue and expenditures on the City's financial reports. The remaining cash balance should have been reflected as fund balance and been included as part of the City's year end cash reconciliation.

We recommend the City establish control procedures to assure the Auditor keep accurate statements of all receipts and disbursement of the municipality.

<b>Finding Number</b>	2000-21178-006
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**Ohio Rev. Code Section 705.08**, states that the treasurer shall be the custodian of moneys of the municipal corporation, and shall keep the moneys in such manner and in such place as is determined by the legislative authority thereof. He shall pay out money only on warrants issued by the auditor.

During our review of the construction of the Justice Center we noted that payments for work completed by the major contractors were made through the use of "official checks" and /or money orders issued by and drawn on Second National Bank, rather than using a check drawn against an official City account and following the normal Auditor and Treasurer disbursement authorization process. During the year ended December 31, 2000 these payments totaled \$3,356,784.55.

Contrary to **Ohio Rev. Code Section 705.08**, no warrants were issued by the auditor for the official bank checks and /or money orders used for payment of the contractors.

We recommend the City discontinue the practice described above and establish controls to assure the Treasurer complies with **Section 705.08**.

<b>Finding Number</b>	2000-21178-007
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**Ohio Rev. Code Section 735.07**, requires in the prosecution of any work or improvement under contract, to make alterations or modifications in the contract, such alterations or modifications shall only be made upon the order of the director of public service, but such order shall be of no effect until the price to be paid for the work and material or both, under the altered or modified contract, has been agreed upon in writing and signed by the director on behalf of the City and the contractor, and approved by the board of control.

During the year ending December 31, 2000 the City entered into thirty-two change orders relating to contracts. The total increase for work and material resulting from the change orders was \$190,085. Contrary to **Ohio Rev. Code Section 735.07**, the price to be paid for the work and material to be provided under these change orders were not approved by the board of control.

We recommend that all change orders for work or improvements under contract be properly approved by the board of control.

<b>Finding Number</b>	2000-21178-008
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**Ohio Rev. Code Section 735.05**, allows the director of public service to make any contract, purchase supplies or material, or provide labor for any work under the supervision of the department of public service involving not more than fifteen thousand dollars. When an expenditure within the department other than compensation of persons employed therein, exceeds fifteen thousand dollars such expenditure shall first be authorized and directed by ordinance of the City legislative authority.

Our tests indicated the director of public service had entered into contracts/purchase agreements, which exceeded \$15,000 without first being authorized and directed by ordinance of the City legislative authority as prescribed by **Ohio Rev Code Section 735.05**. The following is a list of these contracts/purchase agreements:

<b>Contractor</b>	<b>Contract/Purchase Agreement Amount</b>
Knoll Inc.	\$83,261.61
Knoll Inc.	46,384.09
Kardex Systems Inc.	31,397.27
A.G. Sharp Lumber Company	31,000.00
* Heimann Systems Corp.	23,650.00
O.F.S.	15,960.00

**Ohio Rev. Code Section 735.05**, requires the director of public service of a municipal corporation to competitively bid contracts for material and labor that exceed \$15,000. During the year ending December 31, 2000, the City entered into a contract for \$23,650 with \*Heimann Systems Corp. to provide the Justice Center with an X-ray machine to be used for security purposes. The City failed to utilize the competitive bidding procedures for this purchase.

We recommend that all contracts/purchase agreements entered into by the director of public service in excess of \$15,000 should first be authorized and directed by ordinance as prescribed above and that the competitive bidding procedures be adhered to when applicable.

<b>Finding Number</b>	2000-21178-009
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**Ohio Rev. Code Section 735.05**, allows the director of public service to make any contract, purchase supplies or material, or provide labor for any work under the supervision of the department of public service involving not more than fifteen thousand dollars. When an expenditure within the department other than compensation of persons employed therein, exceeds fifteen thousand dollars such expenditure shall first be authorized and directed by ordinance of the City legislative authority.



**Ohio Rev. Code Section 735.051**, provides in the case of a real and present emergency arising in connection with the operation and maintenance of the department of public service, the legislative authority of a municipality may by two-thirds vote of all the members elected thereto, authorize the director of public service, to enter into a contract for work to be done or for the purchase of supplies or materials without formally bidding and advertising.

**Ohio Rev. Code Section 121.22, Section (G)**, provides for a public body to hold an executive session only after a majority of a quorum of the public body determines, by roll call vote, to hold such a session and only at a regular or special meeting. Section (G) paragraph (1) through (6) provides the sole purposes for which executive sessions can be called.

**Ohio Rev. Code Section 121.22, Section (H)**, states, a resolution, rule, or formal action of any kind is invalid unless adopted in an open meeting of the public body.

On November 15, 2000 check # 30873 in the amount of \$43,989.90 was issued for work performed on the Justice Center parking lot. Contrary to **Ohio Rev. Code Section 735.05**, the legislative authority failed to authorize or direct the director of public service by ordinance to expend these funds.

Further review of documents concerning the \$43,989.90 expenditure revealed, that during an executive session as provided for by **Ohio Rev. Code Section 121.22 Section (G)**, the legislative authority authorized the director of public service to enter into a contract for the work related to the \$43,989.90 without formal bidding or advertising because of a real and present emergency as prescribed by **Ohio Rev. Code Section 735.051**. However, this authorization was not adopted in an open meeting as required by **Ohio Rev. Code Section 121.22, Section (H)**.

We recommend that the legislative authority as a whole review the Ohio Revised Code Sections listed above and then develop written policies or procedures designed to reduce the risk of non compliance with respect to the requirements listed above.

<b>Finding Number</b>	2000-21178-010
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**City Ordinance #7104-00**, authorized the director of public service to enter into a contract for the construction of the sanitary sewer for Hartzell, High Street, and Broadway. Section 2, of this Ordinance establishes the cost of construction to be \$81,407, to be paid from the Community Development Block Grant Funds.

Our tests revealed that during the year ending December 31, 2000, a total of \$78,683.32 was paid from the Capital Improvement Street Utility Fund for the construction of the sanitary sewer project authorized by **Ordinance #7104-00**.

**City Ordinance # 6998-99**, authorized the director of public service to enter into a contract for the improvement under contract "A" general, to the Tibbetts Wick Pump Station. Section 2, of this ordinance establishes the cost of construction to be \$48,995, to be paid from the Water System Upgrade Fund.

Our tests revealed that during the year ending December 31, 2000, a total of \$62,945.05 was paid by the Capital Improvement Street Utility Fund for the improvements, under Contract "A" referred to above. The total payment was for the original contract and two change orders.

**City Ordinance #7014-99**, authorized the director of public service to enter a contract for the improvements, under contract "B" electrical, at the Tibbetts Wick Pump Station. Section 2, of this ordinance establishes the cost of construction to be \$51,603, to be paid from the Water System Upgrade Fund.

Our tests revealed that during the year ending December 31, 2000, a total of \$52,843.00 was paid by the Capital Improvement Street Utility Fund for the improvements ,under Contract "B" referred to above. The total payment was for the original contract and two change orders.

**City Ordinance #7028-99** passed on May 24, 1999, authorized the director of public service to enter into an agreement with Ohio Edison to remove power lines and install them behind the buildings and also install decorative lighting on West Liberty Street for an amount not to exceed \$250,000, to be paid from the Capital Improvement Street Utility Fund.

Our tests revealed that during the year ending December 31, 2000 a total \$250,000 was paid to Ohio Edison for the removal and relocation as well as the decorative lighting on West Liberty Street from the Agency Reimbursement Fund.

As noted above the Capital Improvement Street Utility Fund paid for the three contracts which is contrary to **City Ordinances 7104-00, 6998-99, and 7014-99** and the Agency Reimbursement Fund paid for one contract contrary to **City Ordinance #7028-99**. In addition no fund titled Water System Upgrade Fund existed on the City's index of funds, as referred to in **Ordinances 6998-99 and 7014-99**.

We recommend the City develop control procedures to ensure requirements established by Ordinance are in fact complied with as prescribed. We also recommend that procedures are established to assure the contents of ordinances are accurate for example funds referred to within an ordinance are actual funds of the City.

<b>Finding Number</b>	2000-21178-011
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**City Ordinance # 7138-00**, passed on November 27, 2000, provided for the issuance and sale of \$2,250,000 notes in anticipation of the issuance of bonds to pay the City's portion of the costs of widening and otherwise improving state route 422 in the City. **City Ordinance # 7138-00, Section 7.**, requires proceeds from the sale of Notes, except any premium and accrued interest, to be paid into the proper fund or funds and those proceeds are appropriated and shall be used for the purpose for which the Notes are issued.

The City of Girard issued the \$2,250,000 notes on November 28, 2000, however at the time of issuance \$250,250 was paid directly to Second National Bank for repayment of a note which was issued for the removal of power lines and the installation of them behind buildings and also to install decorative lighting on West Liberty Street. The improvements made on West Liberty Street were not part of the cost of widening and improving state route 422. The City failed to post the \$250,250 as a receipt or an expenditure within the Capital Improvement Street Utilities Fund.

The City posted receipts of \$1,999,750 to the Capital Improvement Street Utilities Fund. On November 29, 2000 the City issued Check # 31001 to Ohio Edison in the amount of \$1,000,000 from the Capital Improvement Street Utilities Fund. This payment was for work completed by Ohio Edison as part of the first phase of the State Route 422 widening project.

In addition, \$221,476 of the note proceeds were expended for purposes other than those prescribed by **City Ordinance #7138-00**.

Based on the facts described in the proceeding paragraphs, the City failed to pay all the proceeds into the proper fund or funds and appropriate those proceeds as required by **City Ordinance #7138-00**. The City also used \$471,726, (\$250,250 + \$221,476), of the note proceeds for purposes not authorized by **City Ordinance #7138-00** and the note issuance documents.

City of Girard  
 Trumbull County  
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As result, the City made an adjustment from the City's General Fund and in favor of the City's Capital Improvement Street Utilities Fund in the amount of four hundred seventy-one thousand seven hundred twenty six dollars (\$471,726).

We recommend the City develop control procedures to ensure requirements established by Ordinance are in fact complied with as prescribed.

<b>Finding Number</b>	2000-21178-012
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**City Ordinance # 7139-00**, passed on November 27, 2000, provided for the issuance and sale of a \$4,000,000 note in anticipation of the issuance of bonds. The ordinance provided for \$3,500,000 in outstanding notes issued pursuant to **Ordinance # 7074-99**, passed on November 22, 1999, be refunded with the \$4,000,000 note and the additional funds be used to pay costs of constructing, equipping and otherwise improving an addition to the Girard City Hall to provide for a justice center, including all necessary appurtenances thereto, as prescribed in **Section 1 of City Ordinance #7139-00**.

The City utilized the \$4,000,000 note to pay the \$3,500,000 outstanding notes in full, however, contrary to the uses prescribed in **Ordinance 7139-00** the City paid \$101,832.50 for outstanding interest owed on the \$3,500,000 notes and an additional \$8,500 payment for bond counsel.

We recommend the City develop control procedures to ensure requirements established by Ordinance are in fact complied with as prescribed.

<b>Finding Number</b>	2000-21178-013
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As described in Finding # 2000-21178-006 payments for work completed by the major contractors for the Justice Center were being made through the use of "official checks" and /or money orders issued by, and drawn on Second National Bank. The following description explains the process that was used to purchase the "official checks" and/or money orders .

On December 14, 1999, the City entered into a \$3,500,000 note agreement with Second National Bank and deposited all proceeds of this note into a new checking account with Second National Bank. As of January 1, 2000 the balance on deposit with Second National Bank was \$3,054,222.37. The City also made an additional \$500,000 deposit to this account on November 28, 2000. During the year ending December 31, 2000 the City Treasurer and the City Auditor wrote nine checks, two checks to cash, and seven checks were written to the City of Girard all were drawn against this account. The total amount of these checks was \$3,356,784.55. These checks were issued as follows:

Date Issued	Check Number	Issued To	Amount
1/27/00	101	Cash	\$ 378,230.72
3/27/00	102	City of Girard	604,302.61
3/30/00	103	City of Girard	60,668.54
5/2/00	104	Cash	470,104.03
6/16/00	105	City of Girard	733,697.29
6/22/00	106	City of Girard	67,384.20
8/11/00	107	City of Girard	488,473.29
10/17/00	108	City of Girard	203,313.71
12/1/00	109	City of Girard	350,610.16

City of Girard  
 Trumbull County  
 Schedule of Findings

The cash received from the checks listed above was paid to Second National Bank who in turn issued 35 "official checks" and 4 money orders to be drawn against the Bank, for payment of contractors performing work on the City's Justice Center Project.

In addition as described in finding # 2000-21178-005 the transactions described above were not recorded on their respective monthly financial reports and they were never included as part of the City's budgetary process. These financial reports are presented to Council and the City's management on a monthly basis. By not including these transactions on the monthly financial reports City Council and/or the City's management is hindered in its ability to monitor and manage financial activity. Also the practice of issuing checks to cash or to the City of Girard increases the risk that theft or fraud could occur and not be detected in a timely manner.

We recognize that utilizing a separate checking account to receipt and expend funds associated with a specific project can be a useful method to account for and track the progress of a project. However, it remains vital that these transactions are properly receipted, expended, and reported on the City's financial reports and statements. We therefore recommend that council establish policies and procedures to assure all financial activities be included on the City's financial reports and statements. We also recommend the practice of issuing checks to cash or to the City of Girard be discontinued. This would reduce the risk that theft or fraud could occur and not be detected in a timely manner.

<b>Finding Number</b>	2000-21178-014
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As noted in Finding # 2000-21178-013, the City Auditor provided council and management with monthly financial reports. Per discussions with the City Auditor and a Council member, as well as our review of the monthly reports, we noted the monthly reports included budgetary information as well as monthly fund cash balances. The budgetary information included estimated revenues versus actual receipts at a detailed level and appropriations versus actual expenditures at a detailed level equivalent to the City's budgetary level of control. Our review of these reports indicated that all instances of non-compliance reported above as finding numbers 2000-21178-001 through 2000-21178-004 were reflected on these reports. In addition, as described in finding number 2000-21178-005 above the funding for the Justice Center as well as \$3,356,784.55 of expenditures for the Justice Center project were not included on these reports until November 2000.

Council and management should use these reports as a tool for monitoring the financial condition of the City, to make any necessary amendments to the estimated resources or appropriations to avoid budgetary non-compliance and overspending. In addition, these reports should also be used as a monitoring tool to provide council and management assurance that activity which they have approved is in fact being carried out and properly reported.

We recommend that City Council and management review these reports monthly for accuracy and use them as a tool to monitor the financial activity of the City. We also recommend that the City use these reports and amend the estimated resources and appropriations accordingly.

<b>Finding Number</b>	2000-21178-015
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As indicated in Findings # 2000-21178-010 through 2000-21178-012 City Council passed ordinances obligating more than \$6,000,000 of City resources for various capital improvement projects. In addition to these obligations the City Council, passed legislation which created additional positions within the City, as well as increasing wages for many of the existing positions, including new collective bargaining agreements for Police, Fire and AFSCME employees during the year ending December 31, 2000.

As described above the monthly financial reports were presented to Council and Council should utilize these reports as part of their decision making process. Although some information was not included on these reports as indicated in Finding # 2000-21178-005, our review of the monthly financial reports indicated that the negative cash fund balances as described in Finding # 2000-21178-004 were reflected and expenditures were exceeding appropriations as described in Finding # 2000-21178-001. Council should have utilized these reports before making the commitments noted in the first paragraph. By not utilizing these reports commitments were entered into which eventually resulted in the City being placed into fiscal emergency.

We recommend that Council utilize all sources of information available to them prior to passing legislation committing the expenditure of the City funds.

<b>Finding Number</b>	2000-21178-016
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For several years, City Council, City Management, and the Municipal Court Judge had discussed the construction of a new Justice Center to serve the City and the Court. During the year ending December 31, 1999 work on the Justice Center Project began. The City and the Court verbally agreed to split the costs of the Justice Center project though no written contract/agreement was entered into between the City and the Municipal Court.

As a result of not using a written agreement specifying the expected cost of the project, the amount each party would be responsible for, and the construction specifications on the new building, at the completion of the Justice Center Project disputes arose between the City and the Municipal Court regarding the scope of the project, what the Justice Center Project actually cost, and what percentage of those costs the Court had agreed to pay.

In addition absence of a written contract/agreement makes it difficult for the City and the Court to plan and provide the funding necessary to meet their respective commitments. Each party addressed how they intended to fund their respective portion of the Justice Center Project costs. The City passed legislation requiring its portion to be paid through the use of Municipal Income Tax revenues. The Municipal Court provided its respective portion of the Justice Center Project would be paid by the Courts General Special Projects Fund. The funding for the General Special Projects Fund is provided by a fee per case basis established by the Municipal Court Judge.

As a result of the absence of a written contract/agreement the City could not provide a definitive amount of revenues it would need from the municipal income tax to meet its commitments for the Justice Center Project. In addition, the Municipal Court could have difficulty establishing the amount of cost to be charged per case to meet its obligation.

We recommend all significant contracts/agreements made by the City with any party be made in writing with either Council or the Councils's designated authority's approval attached. We also recommend that the contract/agreements identify all commitments and pertinent information and that the same be attested to by all involved parties..

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

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**CITY OF GIRARD  
TRUMBULL COUNTY  
JANUARY 1, 2000 THROUGH DECEMBER 31, 2000**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <b><i>Explain:</i></b>
1999-21178-001	<p><b><u>Actual Expenditures Exceed Appropriations:</u></b> Ohio Rev Code, Section 733.13 places responsibility for not expending money unless appropriated with the City Auditor.</p> <p>Ohio Rev Code, Section 5705.41 (B), states no money shall be expended unless it has been appropriated.</p>	No	This finding was reissued as finding # 2000-21178-001.
1999-21178-002	<p><b><u>Estimated Revenues Greater than Actual Receipts:</u></b> Ohio Rev Code Section 5705.36, provides that a reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriations.</p>	No	This finding was reissued as finding #2000-21178-002.
1999-21178-003	<p><b><u>Proper Certification:</u></b> Ohio Rev Code Section 5705.41 (D), states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached.</p>	No	This finding was reissued as finding #2000-21178-003

City of Girard  
 Trumbull County  
 Schedule of Prior Year Findings

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><u>Explain:</u></b>
1999-21178-004	<b><u>Negative Fund Balances:</u></b> <b><u>Ohio Rev Code Section 733.13</u></b> , prohibits the City Auditor from issuing a voucher for payment unless sufficient funds are in the treasury and <b><u>Ohio Rev Code Section 5705.10</u></b> , states money paid into a fund must be used only for the purpose for which such funds has been established.	No	This finding was reissued as finding # 2000-21178-004
1999-21178-005	<b><u>Post All Financial Transactions:</u></b> <b><u>Ohio Rev Code Section 733.11</u></b> , requires the City Auditor, to keep accurate statements of all monies received and expended, of all property owned by the City and the income derived therefrom.	No	This finding was reissued as finding # 2000-21178-005
1999-21178-006	<b><u>Payments Made by Bank "Official Checks":</u></b> <b><u>Ohio Rev Code Section 735.08</u></b> , states the Treasurer shall be the custodian of moneys of the municipal corporation, and shall keep the moneys in such a manner and in such a place as is determined by the legislative authority thereof, He shall pay out money only on warrants issued by the Auditor.	No	This finding was reissued as finding # 20021178-006
1999-21178-007	<b><u>Proper Approval of Change Orders:</u></b> <b><u>Ohio Rev Code Section 735.07</u></b> , requires alterations or modifications of contracts to be made upon the order of the director of public service, and approved by the board of control.	No	This finding was reissued as finding # 2000- 21178-007.



City of Girard  
 Trumbull County  
 Schedule of Prior Year Findings

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><i>Explain:</i></b>
1999-21178-008	Proper Accounting for the Justice Center Project: The City utilized a separate account for the receipts and expenditures relating to the Justice Center Project. These transactions were not included on the City's monthly financial reports or as part of the monthly cash reconciliations.	No	This finding was reissued as finding # 2000-21178-013.
1999-21178-009	<b><u>Council and Managements Failure to Utilize Financial Reports:</u></b> The City Auditor provided council with monthly financial reports which indicated the budgetary non-compliance as well as the lack of financial information related to the Justice Center Project.	No	This finding was reissued as finding # 2000-21178-014.





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OFFICE OF THE AUDITOR

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**CITY OF GIRARD**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 9, 2002**