

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Girard, Trumbull County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 2, 2013

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**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012**

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JAMES G. ZUPKA, C.P.A., INC.

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INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Girard, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Girard, Trumbull County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Girard, Ohio, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparisons for the General Fund and the Garbage Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, during 2012 the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2013, on our consideration of the City of Girard, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Girard, Ohio's internal control over financial reporting and compliance.


James G. Zupka, CPA, Inc.
Certified Public Accountants

July 24, 2013

City of Girard
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The discussion and analysis of the City of Girard's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Financial highlights for 2012 are as follows:

- The City was terminated from fiscal emergency on June 7, 2012. The City's recovery was due to cost cutting measures which continue to be a priority. The City carefully monitors revenues for any significant changes.
- In 2012, the City purchased new computer equipment as well as various vehicles. These purchases partially offset the decrease in capital assets that resulted due to an additional year of depreciation.
- Outstanding debt obligations decreased during 2012 due to annual debt payments being made.

Using this Annual Financial Report

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

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

Reporting on the City of Girard as a Whole

While this document contains the large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Position and the Statement of Activities answer this question.

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

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

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

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

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

Reporting on the Most Significant Funds of the City of Girard

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

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

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

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

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

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

The City of Girard as a Whole

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2012 as they compare to 2011.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$5,472,077	\$4,754,277	\$1,353,503	\$1,579,596	\$6,825,580	\$6,333,873
Capital Assets, Net	27,713,193	28,994,934	10,812,478	10,961,818	38,525,671	39,956,752
<i>Total Assets</i>	<u>33,185,270</u>	<u>33,749,211</u>	<u>12,165,981</u>	<u>12,541,414</u>	<u>45,351,251</u>	<u>46,290,625</u>
Liabilities						
Current Liabilities	863,509	923,116	308,086	367,951	1,171,595	1,291,067
Long-term Liabilities						
Due within one Year	122,656	158,016	304,504	298,385	427,160	456,401
Due in More than one Year	4,042,555	4,493,918	956,458	1,256,538	4,999,013	5,750,456
<i>Total Liabilities</i>	<u>5,028,720</u>	<u>5,575,050</u>	<u>1,569,048</u>	<u>1,922,874</u>	<u>6,597,768</u>	<u>7,497,924</u>
Deferred Inflows of Resources	<u>\$1,118,182</u>	<u>\$1,148,926</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,118,182</u>	<u>\$1,148,926</u>

City of Girard
Management's Discussion and Analysis
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(Table 1)
Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Net Position						
Net Investment in						
Capital Assets	\$23,954,714	\$24,763,987	\$9,694,898	\$9,570,741	\$33,649,612	\$34,334,728
Restricted for:						
Capital Projects	207,833	91,800	0	0	207,833	91,800
Debt Service	237,319	7,482	0	0	237,319	7,482
State Highway Maintenance	82,267	46,293	0	0	82,267	46,293
Street Resurfacing and						
Traffic Lights	93,680	191,199	0	0	93,680	191,199
Garbage Collection	182,058	133,165	0	0	182,058	133,165
Other Purposes	1,223,944	935,664	0	0	1,223,944	935,664
Unrestricted	1,056,553	855,645	902,035	1,047,799	1,958,588	1,903,444
Total Net Position	\$27,038,368	\$27,025,235	\$10,596,933	\$10,618,540	\$37,635,301	\$37,643,775

By comparing assets, liabilities and deferred inflows of resources one can see the position of the City has decreased as evidenced by the decrease in governmental and business-type net position. Management continues to diligently plan expenses, staying carefully within the City's revenues in an effort to maintain excellent levels of service within the constraints of the budget.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for the fiscal year 2012 and 2011.

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Program Revenues						
Charges for Services and						
Assessments	\$1,289,367	\$1,445,995	\$4,770,186	\$4,543,487	\$6,059,553	\$5,989,482
Operating Grants and						
Contributions	2,544,097	1,411,883	0	0	2,544,097	1,411,883
Capital Grants	78,577	40,000	0	15,729	78,577	55,729
Total Program Revenues	3,912,041	2,897,878	4,770,186	4,559,216	8,682,227	7,457,094
General Revenues						
Property Taxes	1,106,096	1,286,149	0	0	1,106,096	1,286,149
Municipal Income Tax	4,749,360	3,763,584	0	0	4,749,360	3,763,584
Grants and Entitlements not						
Restricted to Specific Programs	200,921	351,153	0	0	200,921	351,153
Gain on Sale of Capital Asset	15,230	0	0	0	15,230	0
Interest	469	1,508	318	41	787	1,549
Miscellaneous	91,817	171,112	0	1,664	91,817	172,776
Total General Revenues	6,163,893	5,573,506	318	1,705	6,164,211	5,575,211
Total Revenues	\$10,075,934	\$8,471,384	\$4,770,504	\$4,560,921	\$14,846,438	\$13,032,305

City of Girard
Management's Discussion and Analysis
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(Table 2)
Changes in Net Position (continued)

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Program Expenses						
General Government	\$2,076,173	\$2,242,910	\$0	\$0	\$2,076,173	\$2,242,910
Security of Persons and Property	3,276,506	3,219,741	0	0	3,276,506	3,219,741
Public Health Services	214,813	175,569	0	0	214,813	175,569
Transportation	2,086,850	1,865,733	0	0	2,086,850	1,865,733
Community Development	840,656	788,968	0	0	840,656	788,968
Basic Utility Services	1,174,537	500,231	0	0	1,174,537	500,231
Leisure Time Activities	279,942	296,052	0	0	279,942	296,052
Interest and Fiscal Charges	113,324	153,160	0	0	113,324	153,160
Water	0	0	2,796,602	2,830,300	2,796,602	2,830,300
Sewer	0	0	1,995,509	1,872,221	1,995,509	1,872,221
<i>Total Program Expenses</i>	<u>10,062,801</u>	<u>9,242,364</u>	<u>4,792,111</u>	<u>4,702,521</u>	<u>14,854,912</u>	<u>13,944,885</u>
<i>Change in Net Position</i>	13,133	(770,980)	(21,607)	(141,600)	(8,474)	(912,580)
Net Position Beginning of Year	<u>27,025,235</u>	<u>27,796,215</u>	<u>10,618,540</u>	<u>10,760,140</u>	<u>37,643,775</u>	<u>38,556,355</u>
Net Position End of Year	<u>\$27,038,368</u>	<u>\$27,025,235</u>	<u>\$10,596,933</u>	<u>\$10,618,540</u>	<u>\$37,635,301</u>	<u>\$37,643,775</u>

Governmental Activities

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. There was an increase in income tax collections in 2012, a sign of the improving economy and from the expansion of the V & M Star plant. The revenue collected from the income tax, less funds necessary to pay the administrative fees for RITA and to cover refunds, are receipted into the following funds: 87 percent went to the general fund (January through August) and 76 percent (September through December), 13 percent went to the general obligation bond retirement fund (January through August) and 17 percent (September through December), 5 percent went to the garbage fund (September through December) and 2 percent went to the recreation fund (September through December).

Charges for services decreased in the governmental activities primarily as a result of decreased revenue from fees, licenses and permits. The increase in governmental activities operating grants and contributions resulted from the City receiving \$698,566 in a performance bond as well as from an increase in Community Development grants and Community Housing Program grants. Property taxes decreased due to a drop in assessed values.

Local government funding has decreased State-wide for the past several years. This is a direct result of the poor economic conditions and their subsequent effect on the State as a whole.

Basic utility service expenditures increased as a result of spending \$698,566 from the aforementioned performance bond for landfill improvements. The largest governmental activities expenses are for the police and fire departments. The police department employs sixteen officers including the police chief and one full-time and seven part-time dispatchers. The fire department employs thirteen full-time positions.

The Girard Municipal Court is accounted for within the City of Girard's books. In 2006, the City and the Court entered into litigation over what constitutes "reasonable funding" for the court operations. The City

City of Girard
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

was successful and now has a template to measure budget requests by the Court to determine if they are reasonable.

Business-Type Activities

The City operates two business-type activities, the water and sewer treatment facilities. These two activities generated revenues of \$3,122,985 from water and \$1,647,519 from the sewer plant facility. Water and sewer expenses for 2012 amounted to \$2,796,602 and \$1,995,509, respectively. For 2012, 7,089 water customers and 3,869 sewer customers were serviced. Approximately 45 million gallons are billed and processed on a monthly basis.

The City's Funds

Information about the City's governmental funds begins on page 16. The funds are accounted for using the modified accrual method of accounting. The general fund concluded the year with a positive fund balance as the City carefully watches all expenditures to ensure fiscal solvency. The garbage fund ended the year with a positive fund balance as the City carefully watched all expenditures to ensure fiscal solvency. The bond retirement fund ended the year with a negative fund balance due to the issuance of short-term notes.

Enterprise funds are handled in the same manner as governmental funds, with the intent to ensure the strength of these funds. These funds had total operating revenue of \$4,770,186 and total operating expenses of \$4,792,111. The City has the power to increase revenue through rate increases.

General Fund Budgeting Highlights

Budgeting for the operations of the City is done as prescribed by Ohio Revised Code. Essentially the budget is the City's appropriations, which is restricted by the amounts of the anticipated revenues certified by the Budget Commission in accordance with Ohio Revised Code. In 2012, actual revenues for the general fund were higher than final estimated revenues due to higher income tax collections than expected. City Council's actual expenditures were less than final appropriations due mainly to lower than anticipated general government and security of persons and property expenditures.

The original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year. During the course of 2012, the City amended its general fund budget numerous times.

Capital Assets and Debt Administration

Capital Assets

Total capital assets for the governmental activities, net of accumulated depreciation decreased from the prior year because of an additional year of accumulated depreciation being taken. This decrease was partially offset by the purchase of furniture and equipment as well as vehicles for governmental operations.

Total capital assets for the business-type activities, net of accumulated depreciation decreased due to an additional year of accumulated depreciation being taken. This decrease was partially offset by the purchase of a vehicle for business-type operations.

See Note 9 to the basic financial statements for additional information on capital assets.

City of Girard
Management's Discussion and Analysis
For the Year Ended December 31, 2012
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(Table 3)
Capital Assets at December 31
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$1,073,640	\$1,073,640	\$4,187,169	\$4,187,169	\$5,260,809	\$5,260,809
Buildings and Improvements	6,873,434	6,937,591	5,981,350	6,104,039	12,854,784	13,041,630
Furniture and Equipment	191,415	182,883	239,292	250,707	430,707	433,590
Vehicles	631,105	507,464	68,050	63,103	699,155	570,567
Infrastructure						
Streets	14,762,527	15,813,636	0	0	14,762,527	15,813,636
Sidewalks	3,610,253	3,868,128	0	0	3,610,253	3,868,128
Curbs	570,819	611,592	0	0	570,819	611,592
Water and Sewer Lines	0	0	336,617	356,800	336,617	356,800
Total Capital Assets	\$27,713,193	\$28,994,934	\$10,812,478	\$10,961,818	\$38,525,671	\$39,956,752

Long-term Obligations

The long-term obligations include notes payable, OPWC and OWDA loans, compensated absences and police and fire pensions.

(Table 4)
Outstanding Long-term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Notes Payable	\$3,122,780	\$3,470,045	\$0	\$0	\$3,122,780	\$3,470,045
OPWC Loan	60,164	68,759	0	0	60,164	68,759
OWDA Loans	0	0	1,117,580	1,391,077	1,117,580	1,391,077
Capital Leases	228,270	288,033	0	0	228,270	288,033
Compensated Absences	507,084	571,710	143,382	163,846	650,466	735,556
Police and Fire Pension	246,913	253,387	0	0	246,913	253,387
Total	\$4,165,211	\$4,651,934	\$1,260,962	\$1,554,923	\$5,426,173	\$6,206,857

Notes payable are being paid from the bond retirement fund. The interest rate on the notes is 3 percent.

The OPWC loan is being paid with monies from the street construction, maintenance and repair special revenue fund.

The OWDA loans are being paid from sewer and water revenues. The major loan repayment from the water fund is for the purchase of the Girard – Liberty Lakes. This instrument will be paid in full in 2015.

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

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

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The City of Girard's overall legal debt margin was \$8,531,678 on December 31, 2012. For more information about the City's long-term obligations, see Note 10 to the basic financial statements.

Current Financial Issues

The City of Girard was placed in fiscal emergency in 2001. The City continues to maintain overall services that were offered prior to the placement into fiscal emergency, although there has been some reduction. The City continues to strive to reduce the negative fund deficits that were the cause of the fiscal emergency. As of the end of 2012, all negative balances associated with those funds responsible for the fiscal emergency status have been eliminated.

Pursuant to a request sent to the Auditor of State by the Financial Planning and Supervision Commission of the City of Girard, the Auditor of State performed an analysis of the City of Girard to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code should be terminated. Based on the analysis, the Auditor of State certified, as required by Section 118.27 of the Revised Code, that the City of Girard no longer met the fiscal emergency conditions set forth in Section 118.03 of the Revised Code, that the objectives of the financial recovery plan were met, that an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code has been implemented, and that Management has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State and an opinion has been rendered by the Auditor of State that the financial forecast is considered to be nonadverse. Therefore, the existence of the Financial Planning and Supervision Commission of the City of Girard and its role in the operation of the City of Girard was terminated as of June 7, 2012.

Contacting the City of Girard's Financial Management

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

Basic Financial Statements

City of Girard, Ohio
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,642,500	\$500,217	\$2,142,717
Accrued Interest Receivable	146	0	146
Accounts Receivable	343	819,376	819,719
Internal Balances	33,851	(33,851)	0
Intergovernmental Receivable	658,549	0	658,549
Property Taxes Receivable	1,436,268	0	1,436,268
Income Taxes Receivable	1,630,974	0	1,630,974
Special Assessments Receivable	15,298	42,218	57,516
Loans Receivable	34,648	0	34,648
Prepaid Items	19,500	25,543	45,043
Nondepreciable Capital Assets	1,073,640	4,187,169	5,260,809
Depreciable Capital Assets, Net	26,639,553	6,625,309	33,264,862
<i>Total Assets</i>	<u>33,185,270</u>	<u>12,165,981</u>	<u>45,351,251</u>
Liabilities			
Accounts Payable	61,584	31,402	92,986
Contracts Payable	19,002	22,563	41,565
Accrued Wages	70,080	31,483	101,563
Intergovernmental Payable	239,432	187,553	426,985
Matured Compensated Absences Payable	25,541	0	25,541
Accrued Interest Payable	1,332	35,085	36,417
Claims Payable	99,273	0	99,273
Notes Payable	347,265	0	347,265
Long-Term Liabilities:			
Due Within One Year	122,656	304,504	427,160
Due In More Than One Year	4,042,555	956,458	4,999,013
<i>Total Liabilities</i>	<u>5,028,720</u>	<u>1,569,048</u>	<u>6,597,768</u>
Deferred Inflows of Resources			
Property Taxes	1,118,182	0	1,118,182
Net Position			
Net Investment in Capital Assets	23,954,714	9,694,898	33,649,612
Restricted for:			
Capital Projects	207,833	0	207,833
Debt Service	237,319	0	237,319
State Highway Maintenance	82,267	0	82,267
Street Resurfacing and Traffic Lights	93,680	0	93,680
Garbage Collection	182,058	0	182,058
Other Purposes	1,223,944	0	1,223,944
Unrestricted	1,056,553	902,035	1,958,588
<i>Total Net Position</i>	<u>\$27,038,368</u>	<u>\$10,596,933</u>	<u>\$37,635,301</u>

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Activities
For the Year Ended December 31, 2012

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants
Governmental Activities:				
General Government	\$2,076,173	\$508,386	\$0	\$78,577
Security of Persons and Property	3,276,506	472,970	123,451	0
Public Health Services	214,813	103,043	3,484	0
Transportation	2,086,850	2,264	1,083,632	0
Community Development	840,656	172,655	529,279	0
Basic Utility Services	1,174,537	0	772,961	0
Leisure Time Activities	279,942	30,049	31,290	0
Interest and Fiscal Charges	113,324	0	0	0
<i>Total Governmental Activities</i>	<u>10,062,801</u>	<u>1,289,367</u>	<u>2,544,097</u>	<u>78,577</u>
Business-Type Activities:				
Water	2,796,602	3,122,715	0	0
Sewer	1,995,509	1,647,471	0	0
<i>Total Business-Type Activities</i>	<u>4,792,111</u>	<u>4,770,186</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$14,854,912</u>	<u>\$6,059,553</u>	<u>\$2,544,097</u>	<u>\$78,577</u>

General Revenues

Property Taxes Levied for:

General Purposes

Garbage

Fire

Police

Cemetery

Senior Services

Income Taxes Levied for:

General Purposes

Debt Service

Garbage

Grants and Entitlements not Restricted
to Specific Programs

Gain on Sale of Capital Asset

Interest

Other

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$1,489,210)	\$0	(\$1,489,210)
(2,680,085)	0	(2,680,085)
(108,286)	0	(108,286)
(1,000,954)	0	(1,000,954)
(138,722)	0	(138,722)
(401,576)	0	(401,576)
(218,603)	0	(218,603)
(113,324)	0	(113,324)
<u>(6,150,760)</u>	<u>0</u>	<u>(6,150,760)</u>
0	326,113	326,113
<u>0</u>	<u>(348,038)</u>	<u>(348,038)</u>
<u>0</u>	<u>(21,925)</u>	<u>(21,925)</u>
<u>(6,150,760)</u>	<u>(21,925)</u>	<u>(6,172,685)</u>
214,868	0	214,868
367,869	0	367,869
305,547	0	305,547
30,167	0	30,167
18,906	0	18,906
168,739	0	168,739
4,077,603	0	4,077,603
572,380	0	572,380
99,377	0	99,377
200,921	0	200,921
15,230	0	15,230
469	318	787
91,817	0	91,817
<u>6,163,893</u>	<u>318</u>	<u>6,164,211</u>
13,133	(21,607)	(8,474)
<u>27,025,235</u>	<u>10,618,540</u>	<u>37,643,775</u>
<u>\$27,038,368</u>	<u>\$10,596,933</u>	<u>\$37,635,301</u>

City of Girard, Ohio

Balance Sheet

Governmental Funds

December 31, 2012

	General	Garbage	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$556,132	\$47,021	\$51,088	\$961,676	\$1,615,917
Receivables:					
Property Taxes	279,349	478,721	0	678,198	1,436,268
Income Taxes	1,407,531	35,880	187,563	0	1,630,974
Accounts	343	0	0	0	343
Intergovernmental	109,370	33,572	0	515,607	658,549
Special Assessments	15,298	0	0	0	15,298
Accrued Interest	146	0	0	0	146
Interfund Receivable	2,597	0	0	0	2,597
Prepaid Items	16,500	0	0	3,000	19,500
Loans Receivable	0	0	0	34,648	34,648
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	25,866	0	0	0	25,866
Total Assets	\$2,413,132	\$595,194	\$238,651	\$2,193,129	\$5,440,106
Liabilities					
Accounts Payable	\$12,192	\$40,436	\$0	\$8,956	\$61,584
Contracts Payable	12,559	0	0	6,443	19,002
Accrued Wages	57,949	0	0	12,131	70,080
Intergovernmental Payable	222,002	0	0	17,430	239,432
Interfund Payable	52,111	0	0	15,191	67,302
Matured Compensated Absences Payable	25,541	0	0	0	25,541
Notes Payable	0	0	347,265	0	347,265
Total Liabilities	382,354	40,436	347,265	60,151	830,206
Deferred Inflows of Resources					
Property Taxes	217,482	372,700	0	528,000	1,118,182
Unavailable Revenue	1,154,822	165,087	133,270	568,640	2,021,819
Total Deferred Inflows of Resources	1,372,304	537,787	133,270	1,096,640	3,140,001
Fund Balances					
Nonspendable	42,366	0	0	3,000	45,366
Restricted	32,326	16,971	0	1,036,563	1,085,860
Assigned	55,988	0	0	0	55,988
Unassigned (Deficit)	527,794	0	(241,884)	(3,225)	282,685
Total Fund Balances (Deficit)	658,474	16,971	(241,884)	1,036,338	1,469,899
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$2,413,132	\$595,194	\$238,651	\$2,193,129	\$5,440,106

See accompanying notes to the basic financial statements

City of Girard, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2012*

Total Governmental Fund Balances	\$1,469,899
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	27,713,193
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	318,086
Income Taxes	1,158,865
Intergovernmental	529,570
Special Assessments	15,298
Total	2,021,819
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(1,332)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
OPWC Loans Payable	(60,164)
Capital Leases	(228,270)
Compensated Absences	(507,084)
Notes Payable	(3,122,780)
Police and Fire Pension Loan	(246,913)
Total	(4,165,211)
<i>Net Position of Governmental Activities</i>	\$27,038,368

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Garbage	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$213,492	\$364,869	\$0	\$520,597	\$1,098,958
Municipal Income Taxes	3,759,485	73,883	588,813	0	4,422,181
Special Assessments	7,071	0	0	0	7,071
Charges for Services	0	0	0	69,990	69,990
Fees, Licenses and Permits	249,125	0	0	0	249,125
Fines and Forfeitures	515,772	0	0	431,332	947,104
Intergovernmental	937,541	74,411	0	1,791,677	2,803,629
Interest	277	0	0	192	469
Rentals	23,148	0	0	0	23,148
Contributions and Donations	0	0	0	2,269	2,269
Other	84,847	0	0	6,970	91,817
<i>Total Revenues</i>	<u>5,790,758</u>	<u>513,163</u>	<u>588,813</u>	<u>2,823,027</u>	<u>9,715,761</u>
Expenditures					
Current:					
General Government	1,832,094	0	0	9,657	1,841,751
Security of Persons and Property	3,034,874	0	0	435,858	3,470,732
Public Health Services	136,401	0	0	95,486	231,887
Transportation	15,339	0	0	1,005,202	1,020,541
Community Development	0	0	0	540,150	540,150
Basic Utility Services	673,984	492,748	0	0	1,166,732
Leisure Time Activities	74,776	0	0	199,044	273,820
Capital Outlay	0	0	0	186,749	186,749
Debt Service:					
Principal Retirement	0	0	0	74,832	74,832
Principal Retirement - Current Refunding	0	0	3,470,045	0	3,470,045
Interest and Fiscal Charges	0	0	143,866	21,328	165,194
<i>Total Expenditures</i>	<u>5,767,468</u>	<u>492,748</u>	<u>3,613,911</u>	<u>2,568,306</u>	<u>12,442,433</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>23,290</u>	<u>20,415</u>	<u>(3,025,098)</u>	<u>254,721</u>	<u>(2,726,672)</u>
Other Financing Sources					
Sale of Capital Assets	15,230	0	0	0	15,230
Refunding Notes Issued	0	0	3,122,780	0	3,122,780
<i>Total Other Financing Sources</i>	<u>15,230</u>	<u>0</u>	<u>3,122,780</u>	<u>0</u>	<u>3,138,010</u>
<i>Net Change in Fund Balances</i>	38,520	20,415	97,682	254,721	411,338
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>619,954</u>	<u>(3,444)</u>	<u>(339,566)</u>	<u>781,617</u>	<u>1,058,561</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$658,474</u>	<u>\$16,971</u>	<u>(\$241,884)</u>	<u>\$1,036,338</u>	<u>\$1,469,899</u>

See accompanying notes to the basic financial statements

City of Girard, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012*

Net Change in Fund Balances - Total Governmental Funds \$411,338

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Asset Additions	242,880
Depreciation	<u>(1,524,621)</u>

Total	(1,281,741)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	7,138
Income Taxes	327,179
Intergovernmental	17,697
Special Assessments	<u>(7,071)</u>

Total	344,943
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Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 3,544,877

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 51,870

Some expenses, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 64,626

Other financing sources, such as refunding notes issued, in the governmental funds increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities. (3,122,780)

Change in Net Position of Governmental Activities \$13,133

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$274,727	\$274,727	\$213,492	(\$61,235)
Municipal Income Taxes	3,540,000	3,350,000	3,583,649	233,649
Fees, Licenses and Permits	226,000	226,000	212,625	(13,375)
Fines and Forfeitures	516,500	516,500	512,191	(4,309)
Intergovernmental	240,947	240,947	225,826	(15,121)
Interest	2,000	2,000	262	(1,738)
Rentals	40,000	40,000	22,805	(17,195)
Other	72,848	72,848	64,318	(8,530)
<i>Total Revenues</i>	4,913,022	4,723,022	4,835,168	112,146
Expenditures				
Current:				
General Government	1,741,439	1,780,780	1,722,834	57,946
Security of Persons and Property	3,074,147	3,114,975	3,037,979	76,996
Public Health Services	125,261	118,316	116,194	2,122
Transportation	13,400	15,958	15,913	45
<i>Total Expenditures</i>	4,954,247	5,030,029	4,892,920	137,109
<i>Excess of Revenues Under Expenditures</i>	(41,225)	(307,007)	(57,752)	249,255
Other Financing Sources				
Sale of Capital Assets	0	0	15,230	15,230
Advances In	175,000	175,000	175,000	0
<i>Total Other Financing Sources</i>	175,000	175,000	190,230	15,230
<i>Net Change in Fund Balance</i>	133,775	(132,007)	132,478	264,485
<i>Fund Balance Beginning of Year</i>	372,385	372,385	372,385	0
Prior Year Encumbrances Appropriated	6,418	6,418	6,418	0
<i>Fund Balance End of Year</i>	\$512,578	\$246,796	\$511,281	\$264,485

See accompanying notes to the basic financial statements

City of Girard, Ohio
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Garbage Fund
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$321,234	\$365,792	\$364,869	(\$923)
Income Taxes	55,903	63,658	63,497	(161)
Intergovernmental	65,512	74,599	74,411	(188)
<i>Total Revenues</i>	442,649	504,049	502,777	(1,272)
Expenditures				
Current:				
Basic Utility Services	480,000	538,000	493,735	44,265
<i>Net Change in Fund Balance</i>	(37,351)	(33,951)	9,042	42,993
<i>Fund Balance Beginning of Year</i>	37,979	37,979	37,979	0
<i>Fund Balance End of Year</i>	<u>\$628</u>	<u>\$4,028</u>	<u>\$47,021</u>	<u>\$42,993</u>

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2012

	Enterprise			Internal Service
	Water	Sewer	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$175,759	\$324,458	\$500,217	\$717
Accounts Receivable	628,455	190,921	819,376	0
Special Assessments Receivable	26,318	15,900	42,218	0
Prepaid Items	10,500	15,043	25,543	0
Interfund Receivable	0	0	0	98,556
<i>Total Current Assets</i>	<u>841,032</u>	<u>546,322</u>	<u>1,387,354</u>	<u>99,273</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	1,687,169	2,500,000	4,187,169	0
Depreciable Capital Assets, Net	1,958,380	4,666,929	6,625,309	0
<i>Total Noncurrent Assets</i>	<u>3,645,549</u>	<u>7,166,929</u>	<u>10,812,478</u>	<u>0</u>
<i>Total Assets</i>	<u>4,486,581</u>	<u>7,713,251</u>	<u>12,199,832</u>	<u>99,273</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	5,428	25,974	31,402	0
Contracts Payable	0	22,563	22,563	0
Accrued Wages	12,759	18,724	31,483	0
Intergovernmental Payable	145,548	42,005	187,553	0
Interfund Payable	8,998	24,853	33,851	0
Accrued Interest Payable	30,089	4,996	35,085	0
Compensated Absences Payable	896	12,655	13,551	0
OWDA Loans Payable	255,395	35,558	290,953	0
Claims Payable	0	0	0	99,273
<i>Total Current Liabilities</i>	<u>459,113</u>	<u>187,328</u>	<u>646,441</u>	<u>99,273</u>
<i>Long-Term Liabilities (net of current portion):</i>				
Compensated Absences Payable	22,047	107,784	129,831	0
OWDA Loans Payable	685,344	141,283	826,627	0
<i>Total Long-Term Liabilities</i>	<u>707,391</u>	<u>249,067</u>	<u>956,458</u>	<u>0</u>
<i>Total Liabilities</i>	<u>1,166,504</u>	<u>436,395</u>	<u>1,602,899</u>	<u>99,273</u>
Net Position				
Net Investment in Capital Assets	2,704,810	6,990,088	9,694,898	0
Unrestricted	615,267	286,768	902,035	0
<i>Total Net Position</i>	<u>\$3,320,077</u>	<u>\$7,276,856</u>	<u>\$10,596,933</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

City of Girard, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012*

	Enterprise			Internal Service
	Water	Sewer	Total	
Operating Revenues				
Charges for Services	\$3,122,715	\$1,647,471	\$4,770,186	\$1,346,804
Operating Expenses				
Personal Services	674,292	1,014,542	1,688,834	0
Materials and Supplies	212,877	409,230	622,107	0
Contractual Services	1,752,093	392,432	2,144,525	327,266
Depreciation	37,058	165,984	203,042	0
Claims	0	0	0	1,019,538
Other	46,013	2,847	48,860	0
<i>Total Operating Expenses</i>	<u>2,722,333</u>	<u>1,985,035</u>	<u>4,707,368</u>	<u>1,346,804</u>
<i>Operating Income (Loss)</i>	<u>400,382</u>	<u>(337,564)</u>	<u>62,818</u>	<u>0</u>
Non-Operating Revenues (Expenses)				
Interest	270	48	318	0
Interest and Fiscal Charges	(68,169)	(10,474)	(78,643)	0
Loss on Disposal of Capital Assets	(6,100)	0	(6,100)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(73,999)</u>	<u>(10,426)</u>	<u>(84,425)</u>	<u>0</u>
<i>Change in Net Position</i>	326,383	(347,990)	(21,607)	0
<i>Net Position Beginning of Year</i>	<u>2,993,694</u>	<u>7,624,846</u>	<u>10,618,540</u>	<u>0</u>
<i>Net Position End of Year</i>	<u>\$3,320,077</u>	<u>\$7,276,856</u>	<u>\$10,596,933</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Enterprise			Internal Service
	Water	Sewer	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$3,168,712	\$1,781,322	\$4,950,034	\$0
Cash Received from Interfund Services Provided	0	0	0	1,322,758
Cash Payments to Employees for Services	(708,083)	(1,006,977)	(1,715,060)	0
Cash Payments for Goods and Services	(2,051,759)	(767,846)	(2,819,605)	(327,266)
Cash Payments for Claims	0	0	0	(999,011)
Other Cash Payments	(46,013)	(2,847)	(48,860)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>362,857</u>	<u>3,652</u>	<u>366,509</u>	<u>(3,519)</u>
Cash Flows from Noncapital Financing Activities				
Interest Revenue	270	48	318	0
Advances Out	(175,000)	0	(175,000)	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>(174,730)</u>	<u>48</u>	<u>(174,682)</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	0	(59,802)	(59,802)	0
Principal Paid on OWDA Loans	(239,866)	(33,631)	(273,497)	0
Interest Paid on OWDA Loans	(75,287)	(11,424)	(86,711)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(315,153)</u>	<u>(104,857)</u>	<u>(420,010)</u>	<u>0</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	<u>(127,026)</u>	<u>(101,157)</u>	<u>(228,183)</u>	<u>(3,519)</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>302,785</u>	<u>425,615</u>	<u>728,400</u>	<u>4,236</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$175,759</u>	<u>\$324,458</u>	<u>\$500,217</u>	<u>\$717</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	<u>\$400,382</u>	<u>(\$337,564)</u>	<u>\$62,818</u>	<u>\$0</u>
Adjustments:				
Depreciation	37,058	165,984	203,042	0
<i>(Increase) Decrease in Assets:</i>				
Accounts Receivable	31,814	142,168	173,982	0
Special Assessments Receivable	14,183	(8,317)	5,866	0
Prepaid Items	500	5,208	5,708	0
Interfund Receivable	0	0	0	(24,046)
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	(78,817)	6,045	(72,772)	0
Contracts Payable	0	22,563	22,563	0
Accrued Wages	5,627	6,309	11,936	0
Claims Payable	0	0	0	20,527
Compensated Absences Payable	(21,829)	1,365	(20,464)	0
Intergovernmental Payable	(9,346)	(4,178)	(13,524)	0
Interfund Payable	(16,715)	4,069	(12,646)	0
<i>Total Adjustments</i>	<u>(37,525)</u>	<u>341,216</u>	<u>303,691</u>	<u>(3,519)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$362,857</u>	<u>\$3,652</u>	<u>\$366,509</u>	<u>(\$3,519)</u>

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012

	Private Purpose Trust	
	Memorial	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$2,947	\$0
Cash and Cash Equivalents in Segregated Accounts	0	31,240
<i>Total Assets</i>	2,947	\$31,240
Liabilities		
Undistributed Monies	0	\$31,240
Net Position		
Held in Trust for Endowment	\$2,947	

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2012

	Private Purpose Trust
	Memorial
Additions	
Interest	\$1
Deductions	
Materials and Supplies	204
<i>Change in Net Position</i>	(203)
<i>Net Position Beginning of Year</i>	3,150
<i>Net Position End of Year</i>	\$2,947

See accompanying notes to the basic financial statements

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and 1) the City is able to significantly influence the programs or services performed or provided by the organization; or 2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. 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 19 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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

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

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

Fund Accounting

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

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

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

Garbage Fund - The garbage fund accounts for and reports property taxes restricted for garbage collection.

Bond Retirement Fund - The bond retirement debt service fund accounts for and reports monies restricted for debt principal and interest payments.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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

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

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

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is a private-purpose trust which accounts for the perpetual care and maintenance of specific burial plots in the City's cemetery through an endowment. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency fund accounts for and reports construction deposits.

Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

The private purpose trust fund is reported using the economic resources measurement focus.

Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, homestead and rollback, income taxes, special assessments and intergovernmental local and state monies. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

Cash and Cash Equivalents

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

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

During 2012, investments were limited to PNC money market mutual funds reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2012 amount to \$277, of which \$63 is assigned from other City funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Inventory

Inventories are presented at cost on a first-in, first out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors,

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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

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

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

For 2012, the City reported infrastructure consisting of streets, sidewalks and curbs and includes infrastructure acquired prior to December 31, 1980.

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive the compensation are attributable to services already rendered and it is probable that the City will compensate

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees.

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

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans and capital leases are recognized as a liability on the governmental fund financial statements when due.

Fund Balance

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

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

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

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

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for elderly bus fare, the community block grant program and cemetery maintenance.

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

Operating Revenues and Expenses

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Estimates

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

Budgetary Process

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

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

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

Note 3 – Changes in Accounting Principles

For 2012, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53", Statement No. 65, "Items Previously Reported as Assets and Liabilities" and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the City's financial statements.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the City's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the City's financial statements.

Note 4 – Accountability and Compliance

Accountability

Fund balances at December 31, 2012, include the following individual fund deficits:

	<u>Deficit Fund Balances</u>
<i>Major Fund:</i>	
Bond Retirement	\$241,884
<i>Special Revenue Funds:</i>	
Elderly Bus Fare	628
Police Pension	2,597

The bond retirement debt service fund deficit is caused by the issuance of short-term bond anticipation notes. Once the notes are retired or bonds are issued, the deficit will be eliminated.

The special revenue funds' deficits are caused by the recognition of expenditures on the modified accrual basis of accounting. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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

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

Net Change in Fund Balances

	General	Garbage
GAAP Basis	\$38,520	\$20,415
Net Adjustment for Revenue Accruals	(113,192)	(10,386)
Advances In	175,000	0
Excess of revenues (under) expenditures:		
Health	5,185	0
Recreation	(2,396)	0
EPA Grant	(24,582)	
Net Adjustment for Expenditures Accruals	59,543	(987)
Encumbrances	(5,600)	0
Budget Basis	\$132,478	\$9,042

Note 6 - Fund Balances

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Fund Balances	General	Garbage	Bond Retirement	Other Governmental Funds	Total
<i>Nonspendable</i>					
Prepays	\$16,500	\$0	\$0	\$3,000	\$19,500
Unclaimed Monies	25,866	0	0	0	25,866
<i>Total Nonspendable</i>	42,366	0	0	3,000	45,366
<i>Restricted for</i>					
General Government	0	0	0	56,998	56,998
Public Safety	7,739	0	0	63,476	71,215
Fire Pension	0	0	0	10,031	10,031
Senior Activities	0	0	0	3,275	3,275
Street Maintenance	0	0	0	239,248	239,248
Garbage Disposal	0	16,971	0	0	16,971
Landfill	24,587	0	0	0	24,587
Public Health and Welfare	0	0	0	103,395	103,395
Community Development	0	0	0	352,307	352,307
Capital Improvements	0	0	0	207,833	207,833
<i>Total Restricted</i>	32,326	16,971	0	1,036,563	1,085,860
<i>Assigned to</i>					
Public Health and Welfare	50,388	0	0	0	50,388
Purchases on Order	5,600	0	0	0	5,600
<i>Total Assigned</i>	55,988	0	0	0	55,988
<i>Unassigned (Deficit)</i>	527,794	0	(241,884)	(3,225)	282,685
<i>Total Fund Balances</i>	\$658,474	\$16,971	(\$241,884)	\$1,036,338	\$1,469,899

Note 7 - Deposits and Investments

The City has chosen to follow State statutes and classify monies held by the City into three categories.

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

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

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

City of Girard, Ohio
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For The Year Ended December 31, 2012

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances of training requirements have been met.

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Investments

Investments are reported at fair value. As of December 31, 2012, the City's only investment was a money market account with a fair value of \$138,227.

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within two years from the date of purchase if they have a variable interest rate and five years for investments that have a fixed rate and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

City of Girard, Ohio
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For The Year Ended December 31, 2012

Credit Risk The Money Market Mutual Fund is not rated. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer.

Note 8 - Receivables

Receivables at December 31, 2012, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, and accounts (billings for utility service).

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

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes were levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012, was \$13.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$89,168,750
Other Real Estate	21,923,460
Tangible Personal Property	
Public Utility	3,782,900
Total Assessed Values	<u>\$114,875,110</u>

City of Girard, Ohio
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For The Year Ended December 31, 2012

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

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

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: 87 percent went to the general fund (January through August) and 78 percent (September through December), 13 percent went to the general obligation bond retirement fund (January through August) and 17 percent (September through December) and 5 percent went to the garbage fund (September through December).

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amounts
Governmental Activities	
CHIS/CHIPS Grant	\$15,000
Gasoline and Municipal Cents per Gallon	202,235
Homestead and Rollback	104,796
Community Block Grant	88,000
Permissive Tax	74,607
Local Government	67,911
Motor Vehicle License Tax	59,431
Municipal Court	46,279
Commercial Activity Tax	290
Total	\$658,549

Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

City of Girard, Ohio
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For The Year Ended December 31, 2012

	Balance 12/31/2011	Additions	Deductions	Balance 12/31/2012
Business Type Activities:				
<i>Capital Assets not being Depreciated:</i>				
Land	\$4,187,169	\$0	\$0	\$4,187,169
<i>Capital Assets being Depreciated:</i>				
Buildings	7,028,774	0	0	7,028,774
Building Improvements	3,540,000	0	0	3,540,000
Furniture and Equipment	477,022	28,968	0	505,990
Vehicles	295,686	30,834	(10,166)	316,354
Infrastructure	1,009,147	0	0	1,009,147
Total Capital Assets being Depreciated	12,350,629	59,802	(10,166)	12,400,265
<i>Less Accumulated Depreciation:</i>				
Buildings	(2,090,502)	(63,898)	0	(2,154,400)
Building Improvements	(2,374,233)	(58,791)	0	(2,433,024)
Furniture and Equipment	(226,315)	(40,383)	0	(266,698)
Vehicles	(232,583)	(19,787)	4,066	(248,304)
Infrastructure	(652,347)	(20,183)	0	(672,530)
Total Accumulated Depreciation	(5,575,980)	(203,042)	4,066	(5,774,956)
Total Capital Assets being Depreciated, Net	6,774,649	(143,240)	(6,100)	6,625,309
Business Type Activities Capital Assets, Net	<u>\$10,961,818</u>	<u>(\$143,240)</u>	<u>(\$6,100)</u>	<u>\$10,812,478</u>
	Balance 12/31/2011	Additions	Deductions	Balance 12/31/2012
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$1,073,640	\$0	\$0	\$1,073,640
<i>Capital Assets being Depreciated:</i>				
Buildings	9,075,756	0	0	9,075,756
Building Improvements	144,983	23,312	0	168,295
Furniture and Equipment	1,641,373	42,706	0	1,684,079
Vehicles	1,193,852	176,862	(190,093)	1,180,621
Infrastructure:				
Streets	52,555,453	0	0	52,555,453
Sidewalks	12,893,760	0	0	12,893,760
Curbs	2,038,640	0	0	2,038,640
Total Capital Assets being Depreciated	<u>\$79,543,817</u>	<u>\$242,880</u>	<u>(\$190,093)</u>	<u>\$79,596,604</u>

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Governmental Activities (continued)	Balance 12/31/2011	Additions	Deductions	Balance 12/31/2012
<i>Less Accumulated Depreciation:</i>				
Buildings	(\$2,194,937)	(\$81,584)	\$0	(\$2,276,521)
Building Improvements	(88,211)	(5,885)	0	(94,096)
Furniture and Equipment	(1,458,490)	(34,174)	0	(1,492,664)
Vehicles	(686,388)	(53,221)	190,093	(549,516)
Infrastructure:				
Streets	(36,741,817)	(1,051,109)	0	(37,792,926)
Sidewalks	(9,025,632)	(257,875)	0	(9,283,507)
Curbs	(1,427,048)	(40,773)	0	(1,467,821)
<i>Total Accumulated Depreciation</i>	<u>(51,622,523)</u>	<u>(1,524,621) *</u>	<u>190,093</u>	<u>(52,957,051)</u>
Total Capital Assets being Depreciated, Net	<u>27,921,294</u>	<u>(1,281,741)</u>	<u>0</u>	<u>26,639,553</u>
Governmental Activities Capital Assets, Net	<u>\$28,994,934</u>	<u>(\$1,281,741)</u>	<u>\$0</u>	<u>\$27,713,193</u>

*Depreciation expense was charged to governmental activities as follows:

General Government	\$71,504
Security of Persons and Property	46,846
Public Health Services	5,786
Transportation	1,086,052
Community Development	300,506
Basic Utility Services	7,805
Leisure Time Activities	6,122
Total Depreciation Expense	<u>\$1,524,621</u>

Note 10 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Business-Type Activities:			
<i>Ohio Water Development Authority Loans</i>			
OWDA Water and Sewer Loan	5.65%	\$687,526	2017
Water Distribution	6.36	441,086	2017
Lakes Project	6.87	2,513,646	2015
Liberty Water	6.36	47,158	2017
Liberty Street Waterline Replacement	2.00	63,765	2016
Governmental Activities:			
Ohio Public Works Commission Loan	0.00	18,571	2019
Police and Fire Pension	4.25	377,328	2035
Notes Payable	3.00	3,470,045	2012
Notes Payable	3.00	3,122,780	2013

City of Girard, Ohio
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For The Year Ended December 31, 2012

A schedule of changes in bonds and other long-term obligations of the City during 2012 follows:

	Amount Outstanding 12/31/2011	Additions	Deletions	Amount Outstanding 12/31/2012	Amounts Due In One Year
Business-Type Activities:					
<i>Ohio Water Development Authority Loans</i>					
OWDA Water and Sewer Loan	\$320,353	\$0	(\$51,189)	\$269,164	\$54,122
Water Distribution	189,903	0	(26,979)	162,924	28,696
Lakes Project	797,939	0	(180,061)	617,878	192,430
Liberty Water	19,117	0	(3,017)	16,100	3,209
Liberty Street Waterline Replacement	63,765	0	(12,251)	51,514	12,496
Total Ohio Water Development Authority Loans	1,391,077	0	(273,497)	1,117,580	290,953
Compensated Absences	163,846	4,641	(25,105)	143,382	13,551
<i>Total Business-Type Activities Obligations</i>	<u>\$1,554,923</u>	<u>\$4,641</u>	<u>(\$298,602)</u>	<u>\$1,260,962</u>	<u>\$304,504</u>
Governmental Activities Obligations:					
Notes Payable	\$3,470,045	\$3,122,780	(\$3,470,045)	\$3,122,780	\$0
Ohio Public Works Commission Loan	68,759	0	(8,595)	60,164	8,595
Capital Lease	288,033	0	(59,763)	228,270	62,110
Compensated Absences	571,710	75,240	(139,866)	507,084	45,192
Police and Fire Pension	253,387	0	(6,474)	246,913	6,759
<i>Total Governmental Activities Obligations</i>	<u>\$4,651,934</u>	<u>\$3,198,020</u>	<u>(\$3,684,743)</u>	<u>\$4,165,211</u>	<u>\$122,656</u>

OWDA loans will be paid from water and sewer enterprise fund user service charges. The OPWC loan payable will be paid with monies from the street construction maintenance and repair special revenue fund. Compensated absences will be paid from the following funds: the general fund, the street construction maintenance and repair special revenue fund and the water and sewer enterprise funds. The capital lease will be paid from the street permissive tax special revenue fund. The City pays semi-annual installments on the police and fire pension liability incurred when the State of Ohio established the statewide pension system for police and firemen in 1967.

On July 20, 2012, the City issued \$3,122,780 in various purpose notes for the justice center and street widening project. The interest rates on the notes are 3 percent and they mature on July 19, 2013. The notes will be paid from the bond retirement fund.

The City has pledged future revenues, net of operating expenses, to repay OWDA loans in the water fund. The debt is payable solely from net revenues and are payable through 2017. Annual principal and interest payments on the debt issues required less than 100 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$1,078,669. Principal and interest paid for the current year and total net revenues were \$315,153 and \$437,440 respectively.

The City has pledged future revenues, net of operating expenses, to repay OWDA loans in the sewer fund. The debt is payable solely from net revenues and are payable through 2017. Annual principal and interest payments on the debt issues required more than 100 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$202,747. Principal and interest paid for the current year and total net revenues were \$45,055 and (\$171,580) respectively.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

The City's overall legal debt margin was \$8,531,678 at December 31, 2012. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2012, are as follows:

Business-Type Activities:

	OWDA Loans	
	Principal	Interest
2013	\$290,953	\$69,255
2014	309,554	50,654
2015	329,394	30,813
2016	115,621	9,709
2017	72,058	3,405
Total	\$1,117,580	\$163,836

Governmental Activities:

	Police and Fire Pension		OPWC Loan
	Principal	Interest	Principal
2013	\$6,759	\$10,414	\$8,595
2014	7,057	10,116	8,595
2015	7,370	9,803	8,595
2016	7,696	9,477	8,595
2017	8,036	9,137	8,595
2018-2022	45,694	40,171	17,189
2023-2027	55,553	30,312	0
2028-2032	65,326	20,539	0
2033-2035	43,422	8,095	0
Total	\$246,913	\$148,064	\$60,164

Note 11 - Compensated Absences

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Note 12 - Contingencies

Litigation

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

Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2012.

Note 13 – Capital Lease

In 2011, the City entered into a capital lease for three 2012 freightliners with Myers snow and ice lifts classified as vehicles. The lease meets the criteria for a capital lease and has been recorded on the government-wide statements. The original amounts capitalized for the capital leases and the book values as of December 31, 2012 are as follows:

	Amounts
Vehicles	\$323,229
Less: Accumulated Depreciation	(64,646)
Current Book Value	\$258,583

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2012.

	Amounts
2013	\$70,392
2014	70,392
2015	70,392
2016	35,196
Total Minimum Lease Payments	246,372
Less: Amount representing interest	(18,102)
Present Value of Minimum Lease Payments	\$228,270

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the street permissive special revenue fund. These expenditures are reflected as program expenditures on a budgetary basis.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Note 14 – Note Debt

The City’s note activity, including amounts outstanding and interest rates, is as follows:

	Balance 12/31/11	Additions	Reductions	Balance 12/31/12
Justice Center	\$239,770	\$215,226	\$239,770	\$215,226
Street Widening Project	164,340	132,039	164,340	132,039
Total	\$404,110	\$347,265	\$404,110	\$347,265

On July 20, 2012, the City issued \$347,265 in various purpose notes for the justice center and street widening project. The interest rates on the notes are 3 percent and they mature on July 19, 2013. These projects have been completed by December 31, 2012.

The notes are backed by the full faith and credit of the City of Girard and mature within one year. The note liabilities are reflected in the funds which receive the proceeds. The notes are generally issued in anticipation of long-term bond financing and are refinanced until such bonds are issued.

Note 15 - Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2012, the City contracted with Love Insurance, Incorporated for various types of insurance as follows:

Type	Coverage
Commercial Liability	\$1,000,000/\$3,000,000
Public Officials	1,000,000/000,000
Law Enforcement	1,000,000/000,000
Automobile	1,000,000
Automobile Physical Damage	Actual Cash Value
Real and Personal Property	22,300,665
Inland Marine	1,244,854
Business Electronic Equipment	133,369
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.

Employee Insurance Benefits

The City has elected to provide vision, dental, prescription drug, and hospital/medical benefits to its employees through a self insured program. The maintenance of these benefits is accounted for in the Hospitalization Internal Service fund. An excess coverage insurance (stop loss) policy covers annual claims in excess of \$45,000 per individual and \$1,600,000 for the City as a whole. Incurred but not reported claims of \$99,273 have been accrued as a liability based on a review of January 2013 billings provided by the City Auditor’s Office.

City of Girard, Ohio
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The claims liability of \$99,273 reported in the internal service fund at December 31, 2012 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 "Risk Financing Omnibus," which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the funds' claims liability amounts for 2011 and 2012 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2011	\$50,458	\$1,001,391	\$973,103	\$78,746
2012	78,746	1,019,538	999,011	99,273

Workers' Compensation

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

Note 16 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively. Effective January 1, 2013, the member contribution rates for public

City of Girard, Ohio
Notes to the Basic Financial Statements
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safety and law enforcement increased to 12 percent and 12.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011 and 2010 were \$227,391, \$224,395 and \$204,792 respectively. For 2012, 91.56 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. There were no contributions to the member-directed plan for 2012.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. 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 are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$119,074 and \$143,486 for the year ended December 31, 2012, \$132,619 and \$149,916 for the year ended December 31, 2011, and \$114,642 and \$144,186 for the year ended December 31, 2010, respectively. For 2012, 76.47 percent for police and 77.81 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

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, 2012, the unfunded liability of the City was \$246,913 payable in semi-annual payments through the year of 2035. This is an accounting liability of the City which will not vary.

City of Girard, Ohio
Notes to the Basic Financial Statements
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Note 17 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011 and 2010 were \$90,957, \$89,758, and \$116,750, respectively. For 2012, 91.56 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$63,039 and \$56,146 for the year ended December 31, 2012, \$70,210 and \$58,663 for the year ended December 31, 2011, and \$60,693 and \$56,421 for the year ended December 31, 2010. For 2012, 76.47 percent has been contributed for police and 77.81 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Note 18 - Interfund Balances

Interfund balances at December 31, 2012, consisted of (1) a \$2,597 interfund receivable/payable between the general fund and the police pension fund due to negative cash and (2) a \$98,556 interfund receivable/payable between the internal service fund and the various governmental and enterprise funds due to the City moving monies to pay claims when funds are needed rather than when claims are incurred.

Interfund Payable	Interfund Receivable		
	General	Internal Service	Total
General	\$0	\$52,111	\$52,111
<i>Other Governmental Funds:</i>			
Street Construction, Maintenance & Repair	0	12,590	12,590
Police Pension	2,597	0	2,597
Cemetery	0	4	4
<i>Total Other Governmental Funds</i>	<u>2,597</u>	<u>12,594</u>	<u>15,191</u>
Water	0	8,998	8,998
Sewer	0	24,853	24,853
<i>Total Enterprise Funds</i>	<u>0</u>	<u>33,851</u>	<u>33,851</u>
<i>Totals</i>	<u>\$2,597</u>	<u>\$98,556</u>	<u>\$101,153</u>

Note 19 - Jointly Governed Organizations

Eastgate Development and Transportation Agency

The Eastgate Development and Transportation Agency (EDATA) is committed to fostering 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 2012, the City contributed \$3,485 to the Eastgate Development and Transportation Agency. For more information contact John R. Getchey, executive director, at 100 Federal Plaza East, Youngstown, Ohio 44503.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 2012, the City contributed \$2,091 to the Emergency Management Agency. For more information contact Linda Beil, director, at 1453 Youngstown Kingsville Road, Vienna, Ohio 44473.

Note 20 – Significant Commitments

Encumbrances

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

<i>Major Funds:</i>	
General Fund	\$5,600
Water Fund	500
Sewer Fund	500
Other Governmental Funds	<u>8,200</u>
Total	<u><u>\$14,800</u></u>

Note 21 – Subsequent Events

On June 28, 2013, the City retired \$3,470,045 in various purpose improvement notes payable and issued \$3,122,780 in new notes. The new notes have a maturity date of June 28, 2016 and an interest rate of 3.22 percent.

During 2013, the City entered into a \$1,551,968 capital lease with Neptune Equipment for water meter installations and enhancements. Payment will be deferred until January 2014.

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Members of City Council
City of Girard, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Girard, Trumbull County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Girard, Ohio's basic financial statements, and have issued our report thereon dated July 24, 2013, wherein we noted that the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Girard, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Girard, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Girard, Ohio's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as **Finding 2012-01** and **Finding 2012-02** in the accompanying Schedule of Findings and Responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as **Finding 2012-03**, **Finding 2012-04**, and **Finding 2012-05** to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Girard, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Girard, Ohio's Responses to Findings

The City of Girard, Ohio's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Girard, Ohio's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Girard, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Girard, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


James G. Zupka, CPA, Inc.
Certified Public Accountants

July 24, 2013

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2012**

Finding Number 2012-01 - Material Weakness - Water and Sewer Billing

Condition/Criteria

During the audit process, we noted that the City had various weaknesses in its utility billing process. Included in these weaknesses are the following:

1. The City estimates its billing amounts to City residents and does not use actual amounts.
2. Trumbull County is not being billed on a regular basis.
3. The City does not have a formal policy to address collection of delinquent utility billings and for the writing off of uncollectible accounts.

Cause/Effect

These weaknesses can result in the following:

1. Under or over billing to residents, thereby causing the City to not collect proper revenues.
2. Untimely billing and collection of revenues owed to the City.
3. The City is not collecting on delinquent accounts or removal of uncollectible amounts.

Recommendation

We recommend that the City bill and charge actual amounts to City residents through implementation of a water meter system throughout the City. We also recommend that the City bill the Trumbull County on a monthly basis, which will provide the City with better assurance of collecting utility revenues on a timely basis. We also recommend that the City reconcile its reports on a consistent basis in order to ensure proper tracking of revenues and expenses. We also recommend that the City adopt a formal policy governing delinquent accounts and for writing off uncollectible accounts.

City's Response

The City is currently replacing all of its current water meters with radio frequency technology to allow for accurate readings. The City will start billing Trumbull County on a monthly basis. The City will move to write off uncollectible accounts on an annual basis.

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2012
(CONTINUED)**

Finding Number 2012-02 - Material Weakness - Bank Reconciliations

Condition/Criteria

Timely preparation of complete and accurate bank reconciliations are necessary in order to maintain adequate control over both cash receipts and disbursements. During our testing of the City's bank reconciliations for 2012, we noted that the City is carrying a large volume of reconciling items from month to month. These items were not posted into the accounting system. As a result, the book balance is understated in the system. If reconciling items are not cleared on a regular basis, they become harder to track and identify, and can be incorrectly categorized or missed entirely, which directly affects the cash balance on the City's books.

When testing the Payroll Outstanding Check List for 2012, we noted that there were a significant number of outstanding items, as well as voided checks, on the list. These items should be removed from the Outstanding Check List when they become a year old, and any funds payable should be moved to the Unclaimed Funds account. This will reduce the chance of possible errors on the bank reconciliation, as well as reduce the number of items that have to be tracked by the Payroll Department.

Cause/Effect

Multiple reconciling items in the bank reconciliations can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be cause for an investigation if the items were apparent.

Recommendation

We recommend that the City post any reconciling items on a monthly basis so that the books more accurately reflect the bank balance and are up to date. We also recommend that bank reconciliations be reviewed for accuracy and completeness on a timely basis by the City Auditor. The review should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents. The composition of unreconciled differences should be determined and followed up on, and any journal entries deemed necessary as a result be recorded. If necessary, the accounting clerk who prepares the reconciliations should be given additional training and instruction on how to prepare them accurately and completely.

We noted that the City's Finance Department has instituted an action to determine the disposition of the long outstanding checks. We recommend that the lists of outstanding checks be reviewed regularly and that all checks not returned by the banks within a reasonable period of time be investigated. We also recommend that after they are a year old, any outstanding checks be removed from the Outstanding Check List and moved to the Unclaimed Funds account and any voided items be cleared from the Outstanding Check List. This will assist the City in reducing the number of outstanding items and reduce the chance of reconciling errors.

City's Response

The City will follow the recommendation and, with the installation of the new software for financial reporting, will adjust and book all reconciliation items on a monthly basis.

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2012
(CONTINUED)**

Finding Number 2012-03 - Significant Deficiency - Financial Reporting

Condition/Criteria

Financial reporting is essential to ensure that the information provided to the reader of the City's financial statements is complete and accurate. During our review, we noted the following errors in the City's financial statements:

1. Grants receivable were being calculated based on a third party calculation that used estimated revenue to be received by the City for the year, and not based on allowable expenditures disbursed in 2012 but not reimbursed until the subsequent period or directed by the grant agreement.
2. Income tax receivable and related revenue in the amount of \$185,326 was not recorded in 2012.
3. The City did not record multiple capital assets purchased in 2012.

Cause/Effect

The City's financial statements are not properly stated.

Recommendation

We recommend that the City implement controls and procedures related to financial reporting that will enable management to identify, prevent, detect, and correct potential misstatements in the financial statements. As a result, audit adjustments have been recorded to correct the City's financial activity for 2012.

City's Response

1. The City will work with the third party administrator to correct accounts receivable for grants.
2. The City will provide necessary information to properly record income tax.
3. The City will record all assets as determined by this audit and better define assets going forward.

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2012
(CONTINUED)**

Finding Number 2012-04 - Significant Deficiency - Health Insurance SOC-1 Report

Condition/Criteria

During our review, we noted that the City contracts with Health Plan Administrators (HPA), which acts as an outside processing services organization for the City in that it reviews and processes medical bills, along with providing a network for pricing. The City did not obtain a SOC-1 report for HPA and also does not perform a detailed review of medical bills provided by HPA.

Cause/Effect

By not reviewing HPA's SOC 1 report and HPA's controls, the City does not have assurance whether HPA has proper controls in place and if they are effective.

Recommendation

We recommend that the City request an annual report from HPA under Statement of Auditing Standards on Reporting on Controls Placed in Operation and Effectiveness of a Service Organization Control covering the City's claims processing system. In the event HPA does not agree to have the reporting on the control report prepared, as an alternative the City should have qualified consultants, selected by the City, perform procedures to test the adequacy of the internal controls over the claims processing system.

City's Response

The City will monitor its third party administrator to ensure that a SOC-1 report is provided going forward.

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2012
(CONTINUED)**

Finding Number 2012-05 - Significant Deficiency - Injury Pay

Condition/Criteria

During our review, we noted that the City paid an employee who was injured on the job instead of Workers' Compensation. Per discussion with the City Auditor, the City saved money by having the City pay the employee while injured instead of through Workers' Compensation. The City does not have a written policy in place regarding these circumstances. We also noted that an independent calculation showing the cost savings was not available.

Cause/Effect

By not having a policy in place and an independent calculation performed, the City does not have assurance of cost savings.

Recommendation

We recommend that the City have an independent calculation performed to determine whether the City paying the injured employee or assigning the matter to Workers' Compensation will have the best cost saving to the City. We also recommend that the City establish a formal policy as to how the City should proceed when an employee is injured on the job.

City's Response

The City's Safety-Service Director will contact our independent BWC consultant and have this calculation performed. As for a formal policy, it will be included in the City's union contracts.

**CITY OF GIRARD
TRUMBULL COUNTY, OHIO
SCHEDULE OF PRIOR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

The prior issued audit report, as of December 31, 2010, included material noncompliance citations.

Finding Number	Finding Summary	Fully Corrected ?
2010-01	Financial Recovery Plan	Partially Corrected. Repeated as Findings 2012-02 and 2012-03.
2010-02	Certificate of Expenditures	Partially Corrected. Reissued as a management comment.
2010-03	Water and Sewer Billings and Collections	No. Repeated as Finding 2012-01.
2010-04	Bank Reconciliations	No. Repeated as Finding 2012-02.
2010-05	Non-Compliance Finding - Community Development Block Grant/States Program	Partially Corrected. Reissued as a management comment.

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

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Dave Yost • Auditor of State

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
OCTOBER 15, 2013**