



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF GIRARD
TRUMBULL COUNTY
DECEMBER 31, 2018**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund.....	22
Garbage Fund	23
Street Construction, Maintenance and Repair Fund	24
Statement of Fund Net Position	
Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds	26
Statement of Cash Flows	
Proprietary Funds	27
Statement of Fiduciary Net Position	
Fiduciary Funds	29
Statement of Changes in Fiduciary Net Position Fiduciary Fund	30
Notes to the Basic Financial Statements	31

**CITY OF GIRARD
TRUMBULL COUNTY
DECEMBER 31, 2018**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability - Ohio Public Employees Retirement System – Traditional Plan	74
Schedule of the City's Proportionate Share of the Net Pension Asset - Ohio Public Employees Retirement System – Combined Plan	75
Schedule of the City's Proportionate Share of the Net OPEB Liability - Ohio Public Employees Retirement System – OPEB Plan	76
Schedule of the City's Proportionate Share of the Net Pension Liability - Ohio Police and Fire Pension Fund	77
Schedule of the City's Proportionate Share of the Net OPEB Liability - Ohio Police and Fire Pension Fund	78
Schedule of the City's Contributions – Ohio Public Employees Retirement System	80
Schedule of the City's Contributions – Ohio Police and Fire Pension Fund	82
Notes to Required Supplementary Information	84
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	87
Schedule of Findings	89
Prepared by Management:	
Summary Schedule of Prior Audit Findings	97

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Girard
Trumbull County
100 West Main Street
Girard, Ohio 44420

To the Honorable Mayor and City Council:

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, 2018, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Garbage Fund	Unmodified
Street Construction, Maintenance and Repair	Unmodified
Water Fund	Qualified
Sewer Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinions on Business-Type Activities, Water Fund, and Sewer Fund

Management has not adopted a methodology for calculating an actual accounts receivable balance in the business-type activities, Water Fund, and Sewer Fund and, accordingly, has not considered the need to provide an allowance for uncollectible amounts. Accounting principles generally accepted in the United States of America require that an adequate allowance be provided for uncollectible receivables, which would decrease the assets, deferred inflows of resources and net position and change the revenues in the business-type activities, Water Fund, and Sewer Fund. The amount by which this departure would affect the assets, deferred inflows of resources, fund net position and revenues of the business-type activities, Water Fund, and Sewer Fund, cannot reasonably be determined.

Qualified Opinions

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinions on Business-Type Activities, Water Fund, and Sewer Fund* paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Business-Type Activities, Water Fund, and Sewer Fund of the City of Girard, as of December 31, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities, the General Fund, the Garbage Fund, the Street Construction, Maintenance & Repair Fund, and the aggregate remaining fund information of the City of Girard, Trumbull County, Ohio as of December 31, 2018, and the respective changes in its financial position, and where applicable, cash flows, thereof and the budgetary comparisons for the General, Garbage, and Street Construction, Maintenance & Repair Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

December 11, 2019

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City of Girard
Management's Discussion and Analysis
For the Year Ended December 31, 2018
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, 2018. 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 2018 are as follows:

- The City's net position increased during 2018 due to (1) increases in cash and cash equivalents and accounts receivable relating to higher utility charges for services revenue and (2) increases in net capital assets resulting from current year additions outpacing annual depreciation. The increase in net position was partially offset by changes in the net pension and net OPEB liabilities and the related deferred outflows and inflows associated with these liabilities as well as by an increase in long-term debt obligations attributable to the draw-down of OWDA loan proceeds.
- Capital asset additions included construction in progress relating to renovations to the wastewater treatment plant, the purchase of vehicles and equipment and improvements to streets, sidewalks and waterlines.

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 2018?" 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
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

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

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

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

Reporting on the Most Significant Funds of the City of Girard

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

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

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.

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.

City of Girard
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

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 2018 as they compare to 2017. The 2017 information was restated as described in Note 18.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$5,384,031	\$5,409,181	\$5,391,427	\$2,978,536	\$10,775,458	\$8,387,717
Capital Assets, Net	21,500,715	21,142,128	17,708,730	13,181,778	39,209,445	34,323,906
<i>Total Assets</i>	<u>26,884,746</u>	<u>26,551,309</u>	<u>23,100,157</u>	<u>16,160,314</u>	<u>49,984,903</u>	<u>42,711,623</u>
Deferred Outflows of Resources						
Pension	1,317,867	2,281,530	304,892	751,805	1,622,759	3,033,335
OPEB	489,071	21,771	60,396	10,703	549,467	32,474
<i>Total Deferred Outflows of Resources</i>	<u>1,806,938</u>	<u>2,303,301</u>	<u>365,288</u>	<u>762,508</u>	<u>2,172,226</u>	<u>3,065,809</u>
Liabilities						
Current Liabilities	668,864	498,369	299,636	308,145	968,500	806,514
Long-term Liabilities						
Due within one Year	586,611	598,938	72,268	636,215	658,879	1,235,153
Due in More than one Year						
Net Pension Liability	6,023,480	8,472,493	1,260,365	1,966,635	7,283,845	10,439,128
Net OPEB Liability	5,158,231	5,579,806	820,721	818,188	5,978,952	6,397,994
Other Amounts	1,920,021	2,298,638	6,035,338	1,536,571	7,955,359	3,835,209
<i>Total Liabilities</i>	<u>14,357,207</u>	<u>17,448,244</u>	<u>8,488,328</u>	<u>5,265,754</u>	<u>22,845,535</u>	<u>22,713,998</u>
Deferred Inflows of Resources						
Property Taxes	1,105,644	1,106,073	0	0	1,105,644	1,106,073
Pension	1,745,469	95,299	391,681	75,406	2,137,150	170,705
OPEB	1,133,350	0	98,229	0	1,231,579	0
<i>Total Deferred Inflows of Resources</i>	<u>\$3,984,463</u>	<u>\$1,201,372</u>	<u>\$489,910</u>	<u>\$75,406</u>	<u>\$4,474,373</u>	<u>\$1,276,778</u>

City of Girard
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

(Table 1)
Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Net Position						
Net Investment in						
Capital Assets	\$19,834,916	\$19,158,083	\$11,845,824	\$11,267,249	\$31,680,740	\$30,425,332
Restricted for:						
Capital Projects	368,635	571,065	0	0	368,635	571,065
Debt Service	222,449	252,049	0	0	222,449	252,049
State Highway Maintenance	0	137,165	0	0	0	137,165
Street Resurfacing and						
Traffic Lights	28,321	99,916	0	0	28,321	99,916
Garbage Collection	130,463	140,988	0	0	130,463	140,988
Other Purposes	540,056	1,019,488	0	0	540,056	1,019,488
Unrestricted (Deficit)	<u>(10,774,826)</u>	<u>(11,173,760)</u>	<u>2,641,383</u>	<u>314,413</u>	<u>(8,133,443)</u>	<u>(10,859,347)</u>
<i>Total Net Position</i>	<u>\$10,350,014</u>	<u>\$10,204,994</u>	<u>\$14,487,207</u>	<u>\$11,581,662</u>	<u>\$24,837,221</u>	<u>\$21,786,656</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these

City of Girard
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$28,152,176 to \$21,786,656.

Total current and other assets for governmental activities decreased slightly due to a decrease in cash and cash equivalents resulting from a drop in fines and forfeitures relating to traffic camera violations. Net capital assets for governmental activities increased from the prior year due to current year additions exceeding current year depreciation. Current liabilities increased due to increases in accounts and contracts payable, accrued wages and medical claims payable. Long-term debt obligations decreased as a result of annual debt payments. Changes in the net pension and net OPEB liabilities and the related deferred outflows and inflows resulted in decreases to net position which were offset by the factors mentioned above.

Total current and other assets for business-type activities increased due to an increase in accounts receivable and cash and cash equivalents resulting from significantly higher charges for services revenue. Net capital assets increased from the prior year due to current year additions of construction in progress, equipment and infrastructure outpacing annual depreciation. Total liabilities for business-type activities increased due to the draw-down of proceeds on an OWDA loan for renovations to the wastewater treatment plant.

City of Girard
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for the years 2018 and 2017. The 2017 information was restated as described in Note 18.

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for Services and Assessments	\$3,282,260	\$4,508,466	\$8,515,182	\$6,506,320	\$11,797,442	\$11,014,786
Operating Grants and Contributions	1,572,878	1,486,768	0	0	1,572,878	1,486,768
Capital Grants and Contributions	628,572	0	134,555	0	763,127	0
<i>Total Program Revenues</i>	<u>5,483,710</u>	<u>5,995,234</u>	<u>8,649,737</u>	<u>6,506,320</u>	<u>14,133,447</u>	<u>12,501,554</u>
General Revenues						
Property Taxes	1,155,013	1,164,569	0	0	1,155,013	1,164,569
Municipal Income Taxes	4,053,058	3,676,792	0	0	4,053,058	3,676,792
Local Permissive Taxes	147,255	178,786	0	0	147,255	178,786
Grants and Entitlements not Restricted to Specific Programs	154,717	234,696	0	0	154,717	234,696
Gain on Sale of Capital Asset	2,200	0	602	0	2,802	0
Interest	1,680	1,916	0	0	1,680	1,916
Other	293,352	330,121	17,363	152,879	310,715	483,000
<i>Total General Revenues</i>	<u>5,807,275</u>	<u>5,586,880</u>	<u>17,965</u>	<u>152,879</u>	<u>5,825,240</u>	<u>5,739,759</u>
<i>Total Revenues</i>	<u>11,290,985</u>	<u>11,582,114</u>	<u>8,667,702</u>	<u>6,659,199</u>	<u>19,958,687</u>	<u>18,241,313</u>
Program Expenses						
General Government	2,324,144	2,456,474	0	0	2,324,144	2,456,474
Security of Persons and Property	4,696,203	5,277,197	0	0	4,696,203	5,277,197
Public Health Services	171,794	148,537	0	0	171,794	148,537
Transportation	2,536,142	3,245,946	0	0	2,536,142	3,245,946
Community Development	508,147	847,967	0	0	508,147	847,967
Basic Utility Services	526,204	516,892	0	0	526,204	516,892
Leisure Time Activities	288,582	384,965	0	0	288,582	384,965
Interest and Fiscal Charges	74,456	88,963	0	0	74,456	88,963
Water	0	0	3,544,329	3,662,407	3,544,329	3,662,407
Sewer	0	0	2,238,121	2,104,414	2,238,121	2,104,414
<i>Total Program Expenses</i>	<u>11,125,672</u>	<u>12,966,941</u>	<u>5,782,450</u>	<u>5,766,821</u>	<u>16,908,122</u>	<u>18,733,762</u>
Transfers	(20,293)	0	20,293	0	0	0
<i>Change in Net Position</i>	<u>145,020</u>	<u>(1,384,827)</u>	<u>2,905,545</u>	<u>892,378</u>	<u>3,050,565</u>	<u>(492,449)</u>
Net Position Beginning of the Year	10,204,994	N/A	11,581,662	N/A	21,786,656	N/A
Net Position End of the Year	<u>\$10,350,014</u>	<u>\$10,204,994</u>	<u>\$14,487,207</u>	<u>\$11,581,662</u>	<u>\$24,837,221</u>	<u>\$21,786,656</u>

City of Girard
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$32,474 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$304,393. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-type Activities	Total
Total 2018 program expenses under GASB 75	\$11,125,672	\$5,782,450	\$16,908,122
OPEB expense under GASB 75	(253,324)	(51,069)	(304,393)
2018 contractually required contribution	8,849	0	8,849
Adjusted 2018 program expenses	10,881,197	5,731,381	16,612,578
Total 2017 program expenses under GASB 45	12,966,941	5,766,821	18,733,762
Increase (Decrease) in program expenses not related to OPEB	<u>(\$2,085,744)</u>	<u>(\$35,440)</u>	<u>(\$2,121,184)</u>

Governmental Activities

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. The revenue collected from the income tax, less funds necessary to pay the administrative fees for the Regional Income Tax Agency (RITA) and to cover refunds, are receipted into the following funds: 88.90 percent went to the general fund (January through December), 9.30 percent went to the general obligation bond retirement fund (January through December) and 1.80 percent went to the garbage fund (January through December).

Charges for services decreased in the governmental activities primarily as a result of a decrease in fines and forfeitures. The increase in governmental activities operating grants and contributions resulted from the City receiving a greater amount of gasoline and excise tax monies in 2018. Capital grants and contributions increased largely due to FEMA grant monies being received in 2018. Property taxes remained relatively consistent with the prior year while income taxes increased significantly in 2018.

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

City of Girard
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Business-Type Activities

The City operates two business-type activities, the water and sewer treatment facilities. These two activities generated revenues of \$5,745,364 from water and \$2,787,181 from the sewer plant facility. Water and sewer expenses including interest and fiscal charges for 2018 amounted to \$3,544,329 and \$2,238,121, respectively. For 2018, 6,200 water customers and 4,100 sewer customers were serviced. Approximately 45 million gallons are billed and processed on a monthly basis.

The City's Funds

Information about the City's governmental funds begins with the balance sheet. The funds are accounted for using the modified accrual method of accounting. The general fund balance increased mainly as a result of an increase in income tax collections from withholdings and a drop in security of persons and property, community development and leisure time activities expenditures due to the City closely monitoring and reducing costs where possible.

The garbage special revenue fund balance decreased due to a small increase in expenditures. The street construction, maintenance and repair special revenue fund balance decreased as a result of a significant drop in fines and forfeitures revenues relating to traffic camera violations and due to higher capital outlay expenditures for infrastructure improvements and equipment/vehicle purchases.

Enterprise funds are handled in the same manner as governmental funds, with the intent to ensure the strength of these funds. These funds had total operating revenue of \$8,532,545 and total operating expenses of \$5,777,308. 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 2018, actual revenues for the general fund were higher than final estimated revenues due mainly to higher income tax revenues from withholdings and higher intergovernmental revenues from FEMA grant monies received. The City's actual expenditures were lower than final appropriations due to less than anticipated police and fire and general administrative costs.

Capital Assets and Debt Administration

Capital Assets

Total capital assets for the governmental activities, net of accumulated depreciation increased from the prior year as a result of current year additions outpacing annual depreciation. Current year governmental additions consisted of the purchase of new vehicles as well as improvements to streets and sidewalks.

Total capital assets for the business-type activities, net of accumulated depreciation increased from the prior year due to current year additions outpacing annual depreciation. Current year additions included construction in progress relating to engineering and construction costs for renovations to the wastewater treatment plant, the purchase of equipment and improvements to waterlines.

See Note 10 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, 2018
Unaudited

Long-term Obligations

As of December 31, 2018, long-term obligations include general obligation bonds, OPWC and OWDA loans, compensated absences, police and fire pensions, net pension liability and net OPEB liability.

General obligation bonds payable are being paid from the bond retirement fund. The interest rate on the bonds is 3.73 percent.

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

The OWDA loan is being paid from sewer revenues. This loan has not been finalized yet.

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

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

The City of Girard's overall legal debt margin was \$10,295,711 on December 31, 2018. For more information about the City's long-term obligations, see Note 11 to the basic financial statements.

Current Financial Issues

The Administration provided strong fiscal management, holding general operating expenditures in check while maintaining City services at a high level in 2018.

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

Contacting the City of Girard's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Auditor 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, 2018

	Governmental Activities	Business-Type Activities*	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,678,743	\$2,093,646	\$3,772,389
Accounts Receivable	75,328	3,289,493	3,364,821
Internal Balances	65,664	(65,664)	0
Intergovernmental Receivable	486,074	0	486,074
Property Taxes Receivable	1,417,101	0	1,417,101
Income Taxes Receivable	1,520,013	0	1,520,013
Local Permissive Taxes Receivable	73,432	0	73,432
Special Assessments Receivable	6,130	26,725	32,855
Loans Receivable	44,915	0	44,915
Prepaid Items	13,250	44,344	57,594
Net Pension Asset	3,381	2,883	6,264
Nondepreciable Capital Assets	1,114,360	10,619,065	11,733,425
Depreciable Capital Assets, Net	20,386,355	7,089,665	27,476,020
<i>Total Assets</i>	<u>26,884,746</u>	<u>23,100,157</u>	<u>49,984,903</u>
Deferred Outflows of Resources			
Pension	1,317,867	304,892	1,622,759
OPEB	489,071	60,396	549,467
<i>Total Deferred Outflows of Resources</i>	<u>1,806,938</u>	<u>365,288</u>	<u>2,172,226</u>
Liabilities			
Accounts Payable	91,654	46,943	138,597
Contracts Payable	217,439	6,322	223,761
Accrued Wages	144,233	45,030	189,263
Intergovernmental Payable	90,450	201,341	291,791
Accrued Interest Payable	1,217	0	1,217
Claims Payable	123,871	0	123,871
Long-Term Liabilities:			
Due Within One Year	586,611	72,268	658,879
Due In More Than One Year:			
Net Pension Liability (See Note 13)	6,023,480	1,260,365	7,283,845
Net OPEB Liability (See Note 14)	5,158,231	820,721	5,978,952
Other Amounts	1,920,021	6,035,338	7,955,359
<i>Total Liabilities</i>	<u>14,357,207</u>	<u>8,488,328</u>	<u>22,845,535</u>
Deferred Inflows of Resources			
Property Taxes	1,105,644	0	1,105,644
Pension	1,745,469	391,681	2,137,150
OPEB	1,133,350	98,229	1,231,579
<i>Total Deferred Inflows of Resources</i>	<u>3,984,463</u>	<u>489,910</u>	<u>4,474,373</u>
Net Position			
Net Investment in Capital Assets	19,834,916	11,845,824	31,680,740
Restricted for:			
Capital Projects	368,635	0	368,635
Debt Service	222,449	0	222,449
Street Resurfacing and Traffic Lights	28,321	0	28,321
Garbage Collection	130,463	0	130,463
Other Purposes	540,056	0	540,056
Unrestricted (Deficit)	(10,774,826)	2,641,383	(8,133,443)
<i>Total Net Position</i>	<u>\$10,350,014</u>	<u>\$14,487,207</u>	<u>\$24,837,221</u>

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

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Activities
For the Year Ended December 31, 2018

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$2,324,144	\$912,784	\$0	\$0
Security of Persons and Property	4,696,203	2,041,126	57,224	628,572
Public Health Services	171,794	100,813	3,379	0
Transportation	2,536,142	0	1,425,322	0
Community Development	508,147	215,316	1,005	0
Basic Utility Services	526,204	0	57,547	0
Leisure Time Activities	288,582	12,221	28,401	0
Interest and Fiscal Charges	74,456	0	0	0
<i>Total Governmental Activities</i>	<u>11,125,672</u>	<u>3,282,260</u>	<u>1,572,878</u>	<u>628,572</u>
Business-Type Activities:				
Water	3,544,329	5,733,696	0	134,555
Sewer	2,238,121	2,781,486	0	0
<i>Total Business-Type Activities</i>	<u>5,782,450</u>	<u>8,515,182</u>	<u>0</u>	<u>134,555</u>
<i>Total</i>	<u>\$16,908,122</u>	<u>\$11,797,442</u>	<u>\$1,572,878</u>	<u>\$763,127</u>

General Revenues

Property Taxes Levied for:

General Purposes
Garbage
Fire
Police
Cemetery
Senior Services

Income Taxes Levied for:

General Purposes
Debt Service
Garbage

Local Permissive Taxes

Grants and Entitlements not Restricted
to Specific Programs

Interest
Gain on Sale of Capital Assets
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year (Restated - See Note 18)

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
(\$1,411,360)	\$0	(\$1,411,360)
(1,969,281)	0	(1,969,281)
(67,602)	0	(67,602)
(1,110,820)	0	(1,110,820)
(291,826)	0	(291,826)
(468,657)	0	(468,657)
(247,960)	0	(247,960)
(74,456)	0	(74,456)
<u>(5,641,962)</u>	<u>0</u>	<u>(5,641,962)</u>
0	2,323,922	2,323,922
<u>0</u>	<u>543,365</u>	<u>543,365</u>
0	2,867,287	2,867,287
<u>(5,641,962)</u>	<u>2,867,287</u>	<u>(2,774,675)</u>
255,344	0	255,344
379,759	0	379,759
303,953	0	303,953
28,776	0	28,776
19,184	0	19,184
167,997	0	167,997
3,636,091	0	3,636,091
345,752	0	345,752
71,215	0	71,215
147,255	0	147,255
154,717	0	154,717
1,680	0	1,680
2,200	602	2,802
293,352	17,363	310,715
<u>5,807,275</u>	<u>17,965</u>	<u>5,825,240</u>
<u>(20,293)</u>	<u>20,293</u>	<u>0</u>
<u>5,786,982</u>	<u>38,258</u>	<u>5,825,240</u>
145,020	2,905,545	3,050,565
<u>10,204,994</u>	<u>11,581,662</u>	<u>21,786,656</u>
<u>\$10,350,014</u>	<u>\$14,487,207</u>	<u>\$24,837,221</u>

City of Girard, Ohio

Balance Sheet

Governmental Funds

December 31, 2018

	General	Garbage	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$926,174	\$7,458	\$45,884	\$660,473	\$1,639,989
Receivables:					
Property Taxes	264,349	486,955	0	665,797	1,417,101
Income Taxes	1,352,812	27,360	0	139,841	1,520,013
Local Permissive Taxes	0	0	0	73,432	73,432
Accounts	64,601	0	10,727	0	75,328
Intergovernmental	96,221	31,187	266,968	91,698	486,074
Special Assessments	6,130	0	0	0	6,130
Interfund Receivable	8,829	0	0	0	8,829
Prepaid Items	10,000	0	2,250	1,000	13,250
Loans Receivable	0	0	0	44,915	44,915
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	37,730	0	0	0	37,730
Total Assets	\$2,766,846	\$552,960	\$325,829	\$1,677,156	\$5,322,791
Liabilities					
Accounts Payable	\$71,776	\$0	\$17,710	\$2,168	\$91,654
Contracts Payable	13,046	42,567	59,826	102,000	217,439
Accrued Wages	121,906	0	12,444	9,883	144,233
Intergovernmental Payable	52,445	0	5,551	32,454	90,450
Interfund Payable	43,224	0	6,501	17,311	67,036
Total Liabilities	302,397	42,567	102,032	163,816	610,812
Deferred Inflows of Resources					
Property Taxes	206,249	379,930	0	519,465	1,105,644
Unavailable Revenue	1,226,131	160,397	225,356	382,876	1,994,760
Total Deferred Inflows of Resources	1,432,380	540,327	225,356	902,341	3,100,404
Fund Balances					
Nonspendable	47,730	0	2,250	1,000	50,980
Restricted	3,327	0	0	679,876	683,203
Assigned	454,160	0	0	0	454,160
Unassigned (Deficit)	526,852	(29,934)	(3,809)	(69,877)	423,232
Total Fund Balances (Deficit)	1,032,069	(29,934)	(1,559)	610,999	1,611,575
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$2,766,846	\$552,960	\$325,829	\$1,677,156	\$5,322,791

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, 2018*

Total Governmental Fund Balances	\$1,611,575
 <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.	21,500,715
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	311,457
Income Taxes	1,232,519
Local Permissive Taxes	59,423
Intergovernmental	385,231
Special Assessments	6,130
Total	1,994,760
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included as part of governmental activities in the statement of net position.	1,024
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(1,217)
The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds:	
Net Pension Asset	3,381
Deferred Outflows - Pension	1,317,867
Deferred Outflows - OPEB	489,071
Net Pension Liability	(6,023,480)
Net OPEB Liability	(5,158,231)
Deferred Inflows - Pension	(1,745,469)
Deferred Inflows - OPEB	(1,133,350)
Total	(12,250,211)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds Payable	(1,657,205)
OPWC Loans Payable	(8,594)
Compensated Absences	(639,228)
Police and Fire Pension Loan	(201,605)
Total	(2,506,632)
<i>Net Position of Governmental Activities</i>	\$10,350,014

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, 2018

	General	Garbage	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$254,518	\$377,590	\$0	\$517,001	\$1,149,109
Municipal Income Taxes	3,591,916	70,346	0	342,492	4,004,754
Local Permissive Taxes	0	0	0	148,181	148,181
Special Assessments	31,793	0	0	0	31,793
Charges for Services	0	0	0	64,263	64,263
Fees, Licenses and Permits	198,037	0	0	0	198,037
Fines and Forfeitures	1,690,774	0	486,374	810,395	2,987,543
Intergovernmental	584,666	58,522	1,337,587	373,005	2,353,780
Interest	89	0	0	1,591	1,680
Rentals	8,396	0	0	0	8,396
Contributions and Donations	0	0	0	1,363	1,363
Other	249,110	0	26,871	17,371	293,352
<i>Total Revenues</i>	<u>6,609,299</u>	<u>506,458</u>	<u>1,850,832</u>	<u>2,275,662</u>	<u>11,242,251</u>
Expenditures					
Current:					
General Government	1,875,377	0	0	13,721	1,889,098
Security of Persons and Property	3,455,502	0	197,831	661,390	4,314,723
Public Health Services	32,631	0	0	129,342	161,973
Transportation	19,157	0	1,819,971	462,008	2,301,136
Community Development	0	0	0	198,143	198,143
Basic Utility Services	0	519,046	0	0	519,046
Leisure Time Activities	85,869	0	0	195,954	281,823
Capital Outlay	428,572	0	294,855	701,471	1,424,898
Debt Service:					
Principal Retirement	0	0	8,595	318,039	326,634
Interest and Fiscal Charges	0	0	0	74,582	74,582
<i>Total Expenditures</i>	<u>5,897,108</u>	<u>519,046</u>	<u>2,321,252</u>	<u>2,754,650</u>	<u>11,492,056</u>
<i>Excess of Revenues</i>					
<i>Over (Under) Expenditures</i>	712,191	(12,588)	(470,420)	(478,988)	(249,805)
Other Financing Sources (Uses)					
Sale of Capital Assets	4,500	0	0	0	4,500
<i>Net Change in Fund Balances</i>	716,691	(12,588)	(470,420)	(478,988)	(245,305)
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	315,378	(17,346)	468,861	1,089,987	1,856,880
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,032,069</u>	<u>(\$29,934)</u>	<u>(\$1,559)</u>	<u>\$610,999</u>	<u>\$1,611,575</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, 2018*

Net Change in Fund Balances - Total Governmental Funds (245,305)

*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 capital outlay exceeded depreciation in the current period:

Capital Asset Additions	2,178,848	
Depreciation	(1,664,578)	
Total		514,270

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities of activities, a gain or loss is reported for each disposal. (155,683)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	5,904	
Income Taxes	48,304	
Local Permissive Taxes	(926)	
Intergovernmental	1,024	
Special Assessments	(7,772)	
Total		46,534

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	556,370	
OPEB	8,849	
Total		565,219

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension expense in the statement of activities.

Pension	(717,809)	
OPEB	(253,324)	
Total		(971,133)

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. 326,634

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 126

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. 64,310

The internal service fund used by management is not reported in the City-wide statement of activities. Governmental fund expenditures and related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 48

Change in Net Position of Governmental Activities \$145,020

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$149,046	\$149,046	\$203,296	\$54,250
Municipal Income Taxes	2,855,209	2,914,942	3,511,459	596,517
Fees, Licenses and Permits	160,370	183,101	185,816	2,715
Fines and Forfeitures	1,662,261	1,899,433	1,557,453	(341,980)
Intergovernmental	581,947	604,110	572,316	(31,794)
Interest	72	87	89	2
Rentals	7,103	8,434	8,736	302
Other	202,881	236,736	221,231	(15,505)
<i>Total Revenues</i>	5,618,889	5,995,889	6,260,396	264,507
Expenditures				
Current:				
General Government	1,844,753	1,886,590	1,770,506	116,084
Security of Persons and Property	3,426,431	3,520,245	3,447,169	73,076
Public Health Services	39,911	37,315	32,543	4,772
Transportation	17,270	19,253	19,253	0
Capital Outlay	428,572	428,572	428,572	0
<i>Total Expenditures</i>	5,756,937	5,891,975	5,698,043	193,932
<i>Excess of Revenues Over (Under) Expenditures</i>	(138,048)	103,914	562,353	458,439
Other Financing Sources				
Sale of Capital Assets	0	0	4,500	4,500
<i>Net Change in Fund Balance</i>	(138,048)	103,914	566,853	462,939
<i>Fund Balance Beginning of Year</i>	219,900	219,900	219,900	0
Prior Year Encumbrances Appropriated	8,930	8,930	8,930	0
<i>Fund Balance End of Year</i>	\$90,782	\$332,744	\$795,683	\$462,939

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$377,392	\$377,392	\$377,590	\$198
Municipal Income Taxes	99,663	99,663	69,504	(30,159)
Intergovernmental	63,608	63,608	63,691	83
<i>Total Revenues</i>	540,663	540,663	510,785	(29,878)
Expenditures				
Current:				
Basic Utility Services	521,500	523,200	518,257	4,943
<i>Net Change in Fund Balance</i>	19,163	17,463	(7,472)	(24,935)
<i>Fund Balance Beginning of Year</i>	14,930	14,930	14,930	0
<i>Fund Balance End of Year</i>	\$34,093	\$32,393	\$7,458	(\$24,935)

See accompanying notes to the basic financial statements

City of Girard, Ohio
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Street Construction, Maintenance and Repair Fund
 For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$494,578	\$494,578	\$494,578	\$0
Intergovernmental	885,000	885,000	949,941	64,941
Other	539,853	539,853	26,871	(512,982)
<i>Total Revenues</i>	1,919,431	1,919,431	1,471,390	(448,041)
Expenditures				
Current:				
Security of Persons and Property	197,831	197,831	197,831	0
Transportation	1,764,165	1,760,515	1,688,358	72,157
Debt Service:				
Principal Retirement	8,595	8,595	8,595	0
<i>Total Expenditures</i>	1,970,591	1,966,941	1,894,784	72,157
<i>Net Change in Fund Balance</i>	(51,160)	(47,510)	(423,394)	(375,884)
<i>Fund Balance Beginning of Year</i>	441,028	441,028	441,028	0
Prior Year Encumbrances Appropriated	7,324	7,324	7,324	0
<i>Fund Balance End of Year</i>	\$397,192	\$400,842	\$24,958	(\$375,884)

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2018

	Enterprise			Internal Service
	Water	Sewer	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$761,841	\$1,331,805	\$2,093,646	\$1,024
Accounts Receivable	2,618,588	670,905	3,289,493	0
Special Assessments Receivable	17,532	9,193	26,725	0
Prepaid Items	25,528	18,816	44,344	0
Interfund Receivable	0	0	0	123,871
<i>Total Current Assets</i>	<u>3,423,489</u>	<u>2,030,719</u>	<u>5,454,208</u>	<u>124,895</u>
<i>Noncurrent Assets:</i>				
Net Pension Asset	1,191	1,692	2,883	0
Nondepreciable Capital Assets	1,687,169	8,931,896	10,619,065	0
Depreciable Capital Assets, Net	2,987,006	4,102,659	7,089,665	0
<i>Total Noncurrent Assets</i>	<u>4,675,366</u>	<u>13,036,247</u>	<u>17,711,613</u>	<u>0</u>
<i>Total Assets</i>	<u>8,098,855</u>	<u>15,066,966</u>	<u>23,165,821</u>	<u>124,895</u>
Deferred Outflows of Resources				
Pension	125,934	179,864	305,798	0
OPEB	24,946	35,450	60,396	0
<i>Total Deferred Outflows of Resources</i>	<u>150,880</u>	<u>215,314</u>	<u>366,194</u>	<u>0</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	31,097	15,846	46,943	0
Contracts Payable	6,322	0	6,322	0
Accrued Wages	17,204	27,826	45,030	0
Intergovernmental Payable	188,754	12,587	201,341	0
Interfund Payable	13,491	52,173	65,664	0
Accrued Interest Payable	0	0	0	0
Compensated Absences Payable	18,225	54,043	72,268	0
Claims Payable	0	0	0	123,871
<i>Total Current Liabilities</i>	<u>275,093</u>	<u>162,475</u>	<u>437,568</u>	<u>123,871</u>
<i>Long-Term Liabilities (net of current portion):</i>				
Compensated Absences Payable	36,697	135,735	172,432	0
OWDA Loans Payable	0	5,862,906	5,862,906	0
Net Pension Liability	520,586	739,779	1,260,365	0
Net OPEB Liability	338,993	481,728	820,721	0
<i>Total Long-Term Liabilities</i>	<u>896,276</u>	<u>7,220,148</u>	<u>8,116,424</u>	<u>0</u>
<i>Total Liabilities</i>	<u>1,171,369</u>	<u>7,382,623</u>	<u>8,553,992</u>	<u>123,871</u>
Deferred Inflows of Resources				
Pension	163,036	229,551	392,587	0
OPEB	40,573	57,656	98,229	0
<i>Total Deferred Inflows of Resources</i>	<u>203,609</u>	<u>287,207</u>	<u>490,816</u>	<u>0</u>
Net Position				
Net Investment in Capital Assets	4,674,175	7,171,649	11,845,824	0
Unrestricted	2,200,582	440,801	2,641,383	1,024
<i>Total Net Position</i>	<u>\$6,874,757</u>	<u>\$7,612,450</u>	<u>\$14,487,207</u>	<u>\$1,024</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, 2018*

	Enterprise			Internal Service
	Water	Sewer	Total	
Operating Revenues				
Charges for Services	\$5,733,696	\$2,781,486	\$8,515,182	\$1,746,374
Other	11,668	5,695	17,363	0
<i>Total Operating Revenues</i>	<u>5,745,364</u>	<u>2,787,181</u>	<u>8,532,545</u>	<u>1,746,374</u>
Operating Expenses				
Personal Services	823,967	1,193,539	2,017,506	0
Materials and Supplies	491,420	413,597	905,017	0
Contractual Services	2,086,350	461,078	2,547,428	262,232
Depreciation	83,829	158,407	242,236	0
Claims	0	0	0	1,484,094
Other	55,009	10,112	65,121	0
<i>Total Operating Expenses</i>	<u>3,540,575</u>	<u>2,236,733</u>	<u>5,777,308</u>	<u>1,746,326</u>
<i>Operating Income (Loss)</i>	<u>2,204,789</u>	<u>550,448</u>	<u>2,755,237</u>	<u>48</u>
Non-Operating Revenues (Expenses)				
Interest and Fiscal Charges	(3,754)	(1,388)	(5,142)	0
Gain on Sale of Capital Assets	602	0	602	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(3,152)</u>	<u>(1,388)</u>	<u>(4,540)</u>	<u>0</u>
<i>Income (Loss) before Capital Contributions and Transfers</i>	2,201,637	549,060	2,750,697	48
Capital Contributions	154,848	0	154,848	0
Transfers In	20,293	0	20,293	0
Transfers Out	0	(20,293)	(20,293)	0
<i>Change in Net Position</i>	2,376,778	528,767	2,905,545	48
<i>Net Position Beginning of Year (Restated - See Note 18)</i>	<u>4,497,979</u>	<u>7,083,683</u>	<u>11,581,662</u>	<u>976</u>
<i>Net Position End of Year</i>	<u>\$6,874,757</u>	<u>\$7,612,450</u>	<u>\$14,487,207</u>	<u>\$1,024</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, 2018

	Enterprise			Internal Service
	Water	Sewer	Total	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities				
Cash Received from Customers	\$4,249,143	\$2,595,405	\$6,844,548	\$0
Cash Received from Interfund Services Provided	0	0	0	1,668,893
Special Assessments	3,291	1,727	5,018	0
Other Operating Revenues	11,668	5,695	17,363	0
Cash Payments to Employees for Services	(472,991)	(779,303)	(1,252,294)	0
Cash Payments for Goods and Services	(2,544,538)	(901,181)	(3,445,719)	(262,232)
Cash Payments for Claims	0	0	0	(1,406,613)
Cash Payments for Interfund Services Provided	(328,347)	(306,459)	(634,806)	0
Other Cash Payments	(55,009)	(10,112)	(65,121)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>863,217</u>	<u>605,772</u>	<u>1,468,989</u>	<u>48</u>
Cash Flows from Capital and Related Financing Activities				
Capital Contributions	154,848	0	154,848	0
Proceeds from Sale of Capital Assets	602	0	602	0
Payments for Capital Acquisitions	(267,428)	(4,501,760)	(4,769,188)	0
Proceeds from OWDA Loans	0	4,491,119	4,491,119	0
Principal Paid on OWDA Loans	0	(190,981)	(190,981)	0
Principal Paid on Revenue Bonds	(256,786)	(94,975)	(351,761)	0
Interest Paid on OWDA Loans	0	(8,768)	(8,768)	0
Interest Paid on Revenue Bonds	(6,741)	(2,493)	(9,234)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(375,505)</u>	<u>(307,858)</u>	<u>(683,363)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	487,712	297,914	785,626	48
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>274,129</u>	<u>1,033,891</u>	<u>1,308,020</u>	<u>976</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$761,841</u></u>	<u><u>\$1,331,805</u></u>	<u><u>\$2,093,646</u></u>	<u><u>\$1,024</u></u>

(continued)

City of Girard, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2018

	Enterprise			Internal Service
	Water	Sewer	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$2,204,789	\$550,448	\$2,755,237	\$48
Adjustments:				
Depreciation	83,829	158,407	242,236	0
<i>(Increase) Decrease in Assets and Deferred Outflows:</i>				
Accounts Receivable	(1,484,553)	(186,081)	(1,670,634)	0
Special Assessments Receivable	3,291	1,727	5,018	0
Intergovernmental Receivable	668	848	1,516	0
Prepaid Items	(6,151)	865	(5,286)	0
Interfund Receivable	0	0	0	123,871
Net Pension Asset	(1,191)	(1,692)	(2,883)	0
Deferred Outflows - Pension	95,352	140,911	236,263	0
Deferred Outflows - OPEB	16,348	23,231	39,579	0
<i>Increase (Decrease) in Liabilities and Deferred Inflows:</i>				
Accounts Payable	20,732	(14,244)	6,488	0
Contracts Payable	(14,258)	(16,207)	(30,465)	0
Accrued Wages	(1,160)	1,599	439	0
Compensated Absences Payable	(12,338)	(1,219)	(13,557)	0
Intergovernmental Payable	30,313	(2,424)	27,889	0
Interfund Payable	2,133	42,871	45,004	0
Net Pension Liability	12,297	17,473	29,770	0
Net OPEB Liability	18,384	26,124	44,508	0
Deferred Inflows - Pension	(91,630)	(117,485)	(209,115)	0
Deferred Inflows - OPEB	(13,638)	(19,380)	(33,018)	0
Claims Payable	0	0	0	(123,871)
<i>Total Adjustments</i>	<u>(1,341,572)</u>	<u>55,324</u>	<u>(1,286,248)</u>	<u>0</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$863,217</u>	<u>\$605,772</u>	<u>\$1,468,989</u>	<u>\$48</u>

Noncash Capital Financing Activities

During 2018, the street construction, maintenance and repair special revenue fund paid \$20,293 to contractors directly on behalf of the water fund towards the purchase of an excavator. These amounts are included in capital contributions.

During 2018, the sewer fund transferred \$20,293 to the water fund towards the capital purchase of an excavator.

See accompanying notes to the basic financial statements

City of Girard, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	Private Purpose Trust	
	Memorial	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,583	\$0
Cash and Cash Equivalents in Segregated Accounts	0	149,341
<i>Total Assets</i>	1,583	\$149,341
Liabilities		
Undistributed Monies	0	\$149,341
Net Position		
Held in Trust for Endowment	\$1,583	

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, 2018

	Private Purpose Trust
	Memorial
Additions	\$0
Deductions	
Materials and Supplies	87
<i>Change in Net Position</i>	(87)
<i>Net Position Beginning of Year</i>	1,670
<i>Net Position End of Year</i>	\$1,583

See accompanying notes to the basic financial statements

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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 Regional Council of Governments which is a jointly governed organization. This organization is presented in Note 16 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, 2018

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.

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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 funds are used to account for and report construction deposits and municipal court resources which are due to other cities.

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.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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

Like the government-wide statements, all proprietary 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 7). 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.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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. For the City, deferred outflows of resources are reported in the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, special assessments and intergovernmental local and state monies and homestead and rollback. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

Pensions/Other Postemployment Benefits (OPEB)

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

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

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

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 2018, investments were limited to a money market mutual fund reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2018 amount to \$89, which includes \$53 assigned from other City funds.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Restricted Assets

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

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 acquisition values as of the date received. The City maintains a capitalization threshold of \$1,000 with the exception of land as land was included regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated except for land and construction in progress. 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

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Interfund Balances

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

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive the compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees.

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

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. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

Fund Balance

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

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balances for recreation, health, rental inspection and reimbursements. City Council also assigned fund balance to cover a gap between estimated revenues and appropriations in 2019's budget.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, 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 senior services, the community housing improvement program and cemetery maintenance.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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.

Contributions of Capital

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

Estimates

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

Budgetary Process

All funds, except 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.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Note 3 – Compliance and Accountability

Compliance

The City had a negative cash balance of \$8,829 in the street permissive tax special revenue fund indicating that revenue from other sources were used to pay obligations of these funds contrary to Ohio Revised Code Section 5705.10.

Accountability

Fund balances at December 31, 2018, include the following individual fund deficits:

	<u>Deficit Fund Balances</u>
<i>Major Funds:</i>	
Garbage	\$29,934
Street Construction, Maintenance and Repair	1,559
<i>Other Governmental Funds:</i>	
State Highway	38,323
Street Permissive Tax	31,102
Elderly Bus Fare	452

The deficits in the special revenue funds were caused by the recognition of expenditures on the modified accrual basis of accounting.

Note 4 - 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:

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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	Street Construction Maintenance and Repair
GAAP Basis	\$716,691	(\$12,588)	(\$470,420)
Net Adjustment for Revenue Accruals	(153,129)	4,327	(379,442)
Perspective Difference:			
Health	1,281	0	0
Recreation	(78,112)	0	0
Net Adjustment for Expenditures Accruals	96,987	789	447,394
Encumbrances	(16,865)	0	(20,926)
Budget Basis	\$566,853	(\$7,472)	(\$423,394)

Note 5 - Deposits and Investments

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

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

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

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

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

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

Investments

Investments are reported at fair value. As of December 31, 2018, the City's only investment was a money market mutual fund with a fair value, as a level one input, of \$34,971.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs).

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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.

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 6 - Fund Balances

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

Fund Balances	General	Garbage	Street Construction Maintenance and Repair	Other Governmental Funds	Total
<i>Nonspendable</i>					
Prepays	\$10,000	\$0	\$2,250	\$1,000	\$13,250
Unclaimed Monies	37,730	0	0	0	37,730
<i>Total Nonspendable</i>	47,730	0	2,250	1,000	50,980
<i>Restricted for</i>					
General Government	0	0	0	45,293	45,293
Public Safety	3,322	0	0	2,100	5,422
Police Pension	0	0	0	396	396
Fire Pension	0	0	0	5,297	5,297
Senior Activities	0	0	0	2,036	2,036
Landfill	5	0	0	0	5
Public Health and Welfare	0	0	0	21,203	21,203
Community Development	0	0	0	125,344	125,344
Debt Service	0	0	0	109,572	109,572
Capital Improvements	0	0	0	368,635	368,635
<i>Total Restricted</i>	3,327	0	0	679,876	683,203
<i>Assigned to</i>					
2019 Operations	242,031	0	0	0	242,031
Purchases on Order:					
General Government	5,391	0	0	0	5,391
Security of Persons and Property	2,881	0	0	0	2,881
Recreation	113,909	0	0	0	113,909
Health	31,997	0	0	0	31,997
Rental Inspection	19,678	0	0	0	19,678
Reimbursements	38,273	0	0	0	38,273
<i>Total Assigned</i>	454,160	0	0	0	454,160
<i>Unassigned (Deficit)</i>	526,852	(29,934)	(3,809)	(69,877)	423,232
<i>Total Fund Balances (Deficit)</i>	\$1,032,069	(\$29,934)	(\$1,559)	\$610,999	\$1,611,575

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Note 7 - Receivables

Receivables at December 31, 2018, consisted primarily of municipal income taxes, property taxes, local permissive 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 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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. 2017 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was \$14.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$87,402,260
Other Real Estate	20,061,140
Tangible Personal Property	
Public Utility	5,412,200
Total Assessed Values	\$112,875,600

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, 2018, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2018 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.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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: 88.9 percent went to the general fund (January through December), 9.3 percent went to the general obligation bond retirement fund (January through December) and 1.8 percent went to the garbage fund (January through December).

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Gasoline and Municipal Cents per Gallon	\$209,827
Homestead and Rollback	96,184
Motor Vehicle License Tax	78,809
Local Government	54,334
Municipal Court	46,920
Total Governmental Activities	<u>\$486,074</u>

Note 8 - 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.

Note 9 - Contingencies

Litigation

The City is involved in a class action lawsuit that has been filed against it in regards to its traffic camera program. The City estimates the potential loss from this lawsuit at \$700,000. The funds that could potentially be affected include the general fund, the street construction, maintenance and repair special revenue fund and the capital improvement capital projects fund.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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, 2018.

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
Business Type Activities:				
Capital Assets not being Depreciated:				
Land	\$4,387,169	\$0	\$0	\$4,387,169
Construction in Progress	1,750,429	4,481,467	0	6,231,896
Total Capital Assets not being Depreciated	6,137,598	4,481,467	0	10,619,065
Capital Assets being Depreciated:				
Buildings	7,028,774	0	0	7,028,774
Building Improvements	3,540,000	0	0	3,540,000
Furniture and Equipment	2,060,990	81,171	0	2,142,161
Vehicles	382,955	0	(15,801)	367,154
Infrastructure	1,009,147	206,550	0	1,215,697
Total Capital Assets being Depreciated	14,021,866	287,721	(15,801)	14,293,786
Less Accumulated Depreciation:				
Buildings	(2,473,890)	(63,898)	0	(2,537,788)
Building Improvements	(2,726,978)	(58,791)	0	(2,785,769)
Furniture and Equipment	(700,501)	(85,333)	0	(785,834)
Vehicles	(302,873)	(9,900)	15,801	(296,972)
Infrastructure	(773,444)	(24,314)	0	(797,758)
Total Accumulated Depreciation	(6,977,686)	(242,236)	15,801	(7,204,121)
Total Capital Assets being Depreciated, Net	7,044,180	45,485	0	7,089,665
Business Type Activities Capital Assets, Net	\$13,181,778	\$4,526,952	\$0	\$17,708,730

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Governmental Activities	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
Capital Assets not being Depreciated:				
Land	\$1,114,360	\$0	\$0	\$1,114,360
Capital Assets being Depreciated:				
Buildings	9,075,756	0	0	9,075,756
Building Improvements	168,295	0	0	168,295
Furniture and Equipment	1,713,422	0	0	1,713,422
Vehicles	2,337,929	1,079,996	(151,376)	3,266,549
Infrastructure:				
Streets	52,555,453	1,017,738	(763,304)	52,809,887
Sidewalks	12,893,760	81,114	(60,836)	12,914,038
Curbs	2,038,640	0	0	2,038,640
Total Capital Assets being Depreciated	80,783,255	2,178,848	(975,516)	81,986,587
Less Accumulated Depreciation:				
Buildings	(2,684,439)	(81,584)	0	(2,766,023)
Building Improvements	(118,613)	(4,250)	0	(122,863)
Furniture and Equipment	(1,608,335)	(17,198)	0	(1,625,533)
Vehicles	(1,051,061)	(206,295)	144,039	(1,113,317)
Infrastructure:				
Streets	(43,048,471)	(1,056,198)	625,909	(43,478,760)
Sidewalks	(10,572,883)	(258,280)	49,885	(10,781,278)
Curbs	(1,671,685)	(40,773)	0	(1,712,458)
Total Accumulated Depreciation	(60,755,487)	(1,664,578) *	819,833	(61,600,232)
Total Capital Assets being Depreciated, Net	20,027,768	514,270	(155,683)	20,386,355
Governmental Activities Capital Assets, Net	\$21,142,128	\$514,270	(\$155,683)	\$21,500,715

*Depreciation expense was charged to governmental activities as follows:

General Government	\$63,975
Security of Persons and Property	172,268
Public Health Services	3,664
Transportation	1,113,087
Community Development	299,053
Basic Utility Services	7,158
Leisure Time Activities	5,373
Total Depreciation Expense	\$1,664,578

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Note 11 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Business-Type Activities:			
<i>Special Obligation Bonds</i>			
Water System Revenue Bonds	3.49%	\$1,615,000	2018
<i>Ohio Water Development Authority Loans</i>			
WWTF Peak Flow Treatment	0.40	21,616,349	2051
Governmental Activities:			
Various Purpose Bonds, Series 2016	3.73	2,276,507	2021
Ohio Public Works Commission Loan	0.00	171,896	2019
Police and Fire Pension	4.25	377,328	2035

A schedule of changes in bonds and other long-term obligations of the City during 2018 follows:

	Amount Outstanding 12/31/2017	Additions	Deletions	Amount Outstanding 12/31/2018	Amounts Due In One Year
Business-Type Activities:					
<i>Special Obligation Bonds</i>					
Water System Revenue Bonds	\$351,761	\$0	(\$351,761)	\$0	\$0
<i>Ohio Water Development Authority Loan</i>					
WWTF Peak Flow Treatment	1,562,768	4,491,119	(190,981)	5,862,906	0
Net Pension Liability - OPERS:					
Water	812,306	0	(291,720)	520,586	0
Sewer	1,154,329	0	(414,550)	739,779	0
Total Net Pension Liability	1,966,635	0	(706,270)	1,260,365	0
Net OPEB Liability - OPERS:					
Water	337,947	1,046	0	338,993	0
Sewer	480,241	1,487	0	481,728	0
Total Net OPEB Liability	818,188	2,533	0	820,721	0
Compensated Absences	258,257	83,294	(96,851)	244,700	72,268
<i>Total Business-Type Activities Obligations</i>	<u>\$4,957,609</u>	<u>\$4,576,946</u>	<u>(\$1,345,863)</u>	<u>\$8,188,692</u>	<u>\$72,268</u>

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

	Amount Outstanding 12/31/2017	Additions	Deletions	Amount Outstanding 12/31/2018	Amounts Due In One Year
Governmental Activities Obligations:					
Net Pension Liability:					
OPERS	\$2,308,658	\$0	(\$829,102)	\$1,479,556	\$0
OP&F	6,163,835	0	(1,619,911)	4,543,924	0
Total Net Pension Liability	<u>8,472,493</u>	<u>0</u>	<u>(2,449,013)</u>	<u>6,023,480</u>	<u>0</u>
Net OPEB Liability:					
OPERS	\$960,482	\$2,974	\$0	\$963,456	\$0
OP&F	4,619,324	0	(424,549)	4,194,775	0
Total Net OPEB Liability	<u>5,579,806</u>	<u>2,974</u>	<u>(424,549)</u>	<u>5,158,231</u>	<u>0</u>
Various Purpose Bonds, Series 2016	1,966,856	0	(309,651)	1,657,205	309,651
Ohio Public Works Commission Loan	17,189	0	(8,595)	8,594	8,594
Compensated Absences	703,538	206,563	(270,873)	639,228	259,612
Police and Fire Pension	209,993	0	(8,388)	201,605	8,754
<i>Total Governmental Activities Obligations</i>	<u>\$16,949,875</u>	<u>\$209,537</u>	<u>(\$3,471,069)</u>	<u>\$13,688,343</u>	<u>\$586,611</u>

The special obligation bond was and the OWDA loan payable will be paid from 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. The City pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences will be paid from the following funds: the general fund, the street construction maintenance and repair special revenue fund and the water and sewer enterprise funds. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the following funds: general fund, fire levy, cemetery, street construction, maintenance and repair special revenue funds and the water and sewer enterprise funds. For additional information related to the net pension and net OPEB liabilities see Notes 13 and 14. The City pays 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 March 1, 2013, the City issued \$1,615,000 in special obligation bonds for the purpose of purchasing and installing radio frequency water meters to be used for the City's Water Utility System. The interest rates on the bonds was 3.49 percent and they matured on September 1, 2018.

On June 28, 2016, the City issued \$2,276,507 in various purpose improvement bonds for the justice center and street widening project. The interest rates on the bonds are 3.73 percent and they mature on June 28, 2021. The bonds will be paid from the bond retirement fund.

In 2018, the City was approved for a \$21,616,349 Ohio Water Development Authority loan for the WWTF Peak Flow Treatment project. Total current year additions of \$4,491,119 consisted of proceeds of \$4,481,467 and capitalized interest of \$9,652. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

The City has pledged future revenues, net of operating expenses, to repay an OWDA loan in the sewer fund. The debt is payable solely from net revenues and is payable through 2051. The repayment schedule for this loan is currently not finalized. Principal and interest paid for the current year and total net revenues were \$297,217 and \$708,855, respectively.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

The City's overall legal debt margin was \$10,295,711 at December 31, 2018. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2018, are as follows:

Governmental Activities:

	Police and Fire Pension		Various Purpose Bonds Series 2016		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2019	\$8,754	\$8,419	\$309,651	\$61,814	\$8,594
2020	9,130	8,043	309,650	50,264	0
2021	9,514	7,659	1,037,904	38,714	0
2022	9,907	7,266	0	0	0
2023	10,305	6,868	0	0	0
2024-2028	57,559	28,306	0	0	0
2029-2033	67,148	18,717	0	0	0
2034-2035	29,288	5,056	0	0	0
Total	<u>\$201,605</u>	<u>\$90,334</u>	<u>\$1,657,205</u>	<u>\$150,792</u>	<u>\$8,594</u>

Note 12 - 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 2018, the City contracted with US Specialty Insurance Company for various types of insurance as follows:

Type	Coverage
Commercial Liability	\$1,000,000/\$3,000,000
Public Officials	1,000,000/1,000,000
Law Enforcement	1,000,000/1,000,000
Automobile	1,000,000
Automobile Physical Damage	Actual Cash Value
Real and Personal Property	25,589,780
Inland Marine	1,553,415
Commercial Crime	25,000
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 City does not reserve or set aside any monies for self-insurance costs. They are pay as you go funded. When claims are received, monies from the individual funds are then expensed and a charge for service revenue is posted to the City's internal service fund. Additionally, the expense to the individual funds is based on actual claims and not proportionately by the employees being covered/paid from the funds. The maintenance of these benefits is accounted for in the Hospitalization Internal Service fund. An excess coverage insurance (stop loss) policy covers annual claims in excess of

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

\$50,000 per individual and \$1,600,000 for the City as a whole. Incurred but not reported claims of \$123,871 have been accrued as a liability based on a review of January 2019 billings provided by the City Auditor's Office.

The claims liability of \$123,871 reported in the internal service fund at December 31, 2018 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 2017 and 2018 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2017	\$89,438	\$1,252,600	\$1,295,648	\$46,390
2018	46,390	1,484,094	1,406,613	123,871

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 13 - Defined Benefit Pension Plans

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

Net Pension Liability (Asset)/Net OPEB Liability

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

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

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2018, the City's contractually required contribution was \$328,094 for the traditional plan, \$3,925 for the combined plan and \$0 for the member-directed plan. Of these amounts, \$40,290 is reported as an intergovernmental payable for the traditional plan, \$481 for the combined plan and \$0 for the member-directed plan.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

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

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

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

	Police	Firefighters
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$377,080 for 2017. Of this amount, \$49,902 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.017465%	0.004602%	0.0740360%	
Prior Measurement Date	0.018827%	0.000000%	0.0973150%	
Change in Proportionate Share	<u>-0.001362%</u>	<u>0.004602%</u>	<u>-0.0232790%</u>	
Proportionate Share of the:				
Net Pension Liability	\$2,739,921	\$0	\$4,543,924	\$7,283,845
Net Pension Asset	\$0	\$6,264	\$0	\$6,264
Pension Expense	\$451,211	(\$1,725)	\$475,087	\$924,573

2018 pension expense for the member-directed defined contribution plan was \$0.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$2,799	\$0	\$68,958	\$71,757
Changes of assumptions	327,439	547	198,003	525,989
Changes in proportion and differences between City contributions and proportionate share of contributions	0	0	315,914	315,914
City contributions subsequent to the measurement date	<u>328,094</u>	<u>3,925</u>	<u>377,080</u>	<u>709,099</u>
Total Deferred Outflows of Resources	<u>\$658,332</u>	<u>\$4,472</u>	<u>\$959,955</u>	<u>\$1,622,759</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$53,995	\$1,866	\$8,220	\$64,081
Net difference between projected and actual earnings on pension plan investments	588,225	988	157,185	746,398
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>204,167</u>	<u>2,232</u>	<u>1,120,272</u>	<u>1,326,671</u>
Total Deferred Inflows of Resources	<u>\$846,387</u>	<u>\$5,086</u>	<u>\$1,285,677</u>	<u>\$2,137,150</u>

\$709,099 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
2019	\$115,661	(\$582)	(\$2,505)	\$112,574
2020	(131,077)	(609)	(43,830)	(175,516)
2021	(259,022)	(829)	(206,636)	(466,487)
2022	(241,711)	(806)	(248,404)	(490,921)
2023	0	(459)	(162,295)	(162,754)
Thereafter	0	(1,254)	(39,132)	(40,386)
Total	<u>(\$516,149)</u>	<u>(\$4,539)</u>	<u>(\$702,802)</u>	<u>(\$1,223,490)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.5 percent, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$4,865,400	\$2,739,921	\$967,910
OPERS Combined Plan	(3,405)	(6,264)	(8,238)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below.

	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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

For the January 1, 2016 valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2017, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$6,299,070	\$4,543,924	\$3,112,441

Note 14 - Defined Benefit OPEB Plans

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2018.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, 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 Government Accounting Standards Board (GASB) Statement No. 75.

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. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

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

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

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 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$8,849 for 2018. Of this amount, \$1,174 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.016430%	0.0740360%	
Prior Measurement Date	0.017610%	0.0973150%	
Change in Proportionate Share	-0.0011800%	-0.0232790%	
			Total
Proportionate Share of the Net Pension Liability	\$1,784,177	\$4,194,775	\$5,978,952
OPEB Expense	\$111,020	\$193,373	\$304,393

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$1,390	\$0	\$1,390
Changes of assumptions	129,907	409,321	539,228
City contributions subsequent to the measurement date	<u>0</u>	<u>8,849</u>	<u>8,849</u>
Total Deferred Outflows of Resources	<u><u>\$131,297</u></u>	<u><u>\$418,170</u></u>	<u><u>\$549,467</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$21,157	\$21,157
Net difference between projected and actual earnings on OPEB plan investments	132,909	27,612	160,521
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>80,633</u>	<u>969,268</u>	<u>1,049,901</u>
Total Deferred Inflows of Resources	<u><u>\$213,542</u></u>	<u><u>\$1,018,037</u></u>	<u><u>\$1,231,579</u></u>

\$8,849 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2019	(\$9,005)	(\$91,860)	(\$100,865)
2020	(9,005)	(91,860)	(100,865)
2021	(31,006)	(91,860)	(122,866)
2022	(33,229)	(91,860)	(125,089)
2023	0	(84,957)	(84,957)
Thereafter	<u>0</u>	<u>(156,319)</u>	<u>(156,319)</u>
Total	<u><u>(\$82,245)</u></u>	<u><u>(\$608,716)</u></u>	<u><u>(\$690,961)</u></u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$2,370,356	\$1,784,177	\$1,309,964

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$1,707,077	\$1,784,177	\$1,863,819

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

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

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

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.

* levered 2x

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

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$5,243,521	\$4,194,775	\$3,387,806

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	<u>Non-Medicare</u>	<u>Non-AARP</u>	<u>AARP</u>	<u>Rx Drug</u>	<u>Medicare Part B</u>
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$3,258,577	\$4,194,775	\$5,456,455

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's NOL is not known.

Note 15 - Interfund Balances and Transfers

Interfund Balances

Interfund balances at December 31, 2018, consisted of (1) a \$8,829 interfund receivable/payable between the general fund and the street permissive tax special revenue fund due to negative cash and (2) a \$123,871 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.

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Interfund Payable	Interfund Receivable		
	General	Internal Service	Total
<i>Governmental Funds</i>			
General	\$0	\$43,224	\$43,224
Street Construction, Maintenance and Repair	0	6,501	6,501
Other Governmental Funds	8,829	8,482	17,311
<i>Total Governmental Funds</i>	<u>8,829</u>	<u>58,207</u>	<u>67,036</u>
Water	0	13,491	13,491
Sewer	0	52,173	52,173
<i>Total Enterprise Funds</i>	<u>0</u>	<u>65,664</u>	<u>65,664</u>
<i>Totals</i>	<u>\$8,829</u>	<u>\$123,871</u>	<u>\$132,700</u>

Interfund Transfers

The sewer fund transferred \$20,293 to the water fund for the purchase of an excavator to be used by the utility services department.

Note 16 - Jointly Governed Organization

Eastgate Regional Council of Governments

The Eastgate Regional Council of Governments (ERCG) is a jointly governed organization that is committed to fostering cooperative regional efforts in the planning, programming and implementation of public sector activities. ERCG has forty-eight participating members. These include representatives from Trumbull County and Mahoning County, township trustees and officials from participating cities and villages. The operation of ERCG is controlled by a general policy board which consists of a representative from each participant. Each member's degree of control is limited to its representation on the board. Funding comes from each of the participants. In 2018, the City contributed \$3,684 to the Eastgate Regional Council of Governments. For more information contact John R. Getchey, executive director, at 5121 Mahoning Avenue, Youngstown, Ohio 44515.

Note 17 – 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>Governmental Funds:</i>		<i>Proprietary Funds:</i>	
General	\$16,865	Water fund	\$6,930
Street Construction, Maintenance and Repair	20,926	Sewer fund	15,858
Other Governmental Funds	7,129	Total Proprietary	<u>\$22,788</u>
Total Governmental	<u>\$44,920</u>		

City of Girard, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2018

Note 18 – Change in Accounting Principle and Restatement of Net Position

For fiscal year 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For 2018, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business - Type Activities
Net Position December 31, 2017	\$15,763,029	\$12,389,147
Adjustments:		
Net OPEB Liability	(5,579,806)	(818,188)
Deferred Outflow - Payments Subsequent to Measurement Date	21,771	10,703
Restated Net Position December 31, 2017	\$10,204,994	\$11,581,662

	Water	Sewer	Total Enterprise
Net Position December 31, 2017	\$4,831,505	\$7,557,642	\$12,389,147
Adjustments:			
Net OPEB Liability	(337,947)	(480,241)	(818,188)
Deferred Outflow - Payments Subsequent to Measurement Date	4,421	6,282	10,703
Restated Net Position December 31, 2017	\$4,497,979	\$7,083,683	\$11,581,662

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Required Supplementary Information

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

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.017465%	0.018827%	0.020190%	0.020400%	0.020400%
City's Proportionate Share of the Net Pension Liability	\$2,739,921	\$4,275,293	\$3,497,164	\$2,460,467	\$2,404,894
City's Covered Payroll	\$2,307,954	\$2,433,767	\$2,512,833	\$2,500,917	\$2,561,854
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.72%	175.67%	139.17%	98.38%	93.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

City of Girard, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
2018 (1)

	<u>2018</u>
City's Proportion of the Net Pension Asset	0.004602%
City's Proportionate Share of the Net Pension Asset	\$6,264
City's Covered Payroll	\$18,846
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%

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

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

See accompanying notes to the required supplementary information

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.016430%	0.017610%
City's Proportionate Share of the Net OPEB Liability	\$1,784,177	\$1,778,670
City's Covered Payroll	\$2,326,800	\$2,433,767
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.68%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

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

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

See accompanying notes to the required supplementary information

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

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0740360%	0.0973150%	0.0964910%	0.0852964%	0.0852964%
City's Proportionate Share of the Net Pension Liability	\$4,543,924	\$6,163,835	\$6,207,333	\$4,418,709	\$4,154,202
City's Covered Payroll	\$1,841,298	\$1,788,048	\$1,819,362	\$1,681,335	\$1,570,617
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	246.78%	344.72%	341.18%	262.81%	264.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year

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

See accompanying notes to the required supplementary information

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.0740360%	0.0973150%
City's Proportionate Share of the Net OPEB Liability	\$4,194,775	\$4,619,324
City's Covered Payroll	\$1,841,298	\$1,788,048
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	227.82%	258.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

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

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

See accompanying notes to the required supplementary information

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City of Girard, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Six Years (1)

	2018	2017	2016
Net Pension Liability - Traditional Plan			
Contractually Required Contribution	\$328,094	\$300,034	\$292,052
Contributions in Relation to the Contractually Required Contribution	<u>(328,094)</u>	<u>(300,034)</u>	<u>(292,052)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$2,343,529	\$2,307,954	\$2,433,767
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
Net Pension Liability - Combined Plan			
Contractually Required Contribution	\$3,925	\$2,450	\$0
Contributions in Relation to the Contractually Required Contribution	<u>(3,925)</u>	<u>(2,450)</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$28,036	\$18,846	\$0
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>0.00%</u>
Net OPEB Liability - OPEB Plan (2)			
Contractually Required Contribution	\$0	\$23,268	\$48,675
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>(23,268)</u>	<u>(48,675)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$2,371,565	\$2,326,800	\$2,433,767
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>1.00%</u>	<u>2.00%</u>

(1) Information prior to 2013 is not available for the Traditional and Combined plans.

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

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

See accompanying notes to the required supplementary information

2015	2014	2013
\$301,540	\$300,110	\$333,041
(301,540)	(300,110)	(333,041)
\$0	\$0	\$0
\$2,512,833	\$2,500,917	\$2,561,854
12.00%	12.00%	13.00%
\$0	\$0	\$0
0	0	0
\$0	\$0	\$0
\$0	\$0	\$0
0.00%	0.00%	0.00%

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

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	\$377,080	\$392,373	\$378,607	\$384,612
Contributions in Relation to the Contractually Required Contribution	(377,080)	(392,373)	(378,607)	(384,612)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$1,769,648	\$1,841,298	\$1,788,048	\$1,819,362
Pension Contributions as a Percentage of Covered Payroll	<u>21.31%</u>	<u>21.31%</u>	<u>21.17%</u>	<u>21.14%</u>
Net OPEB Liability				
Contractually Required Contribution	\$8,849	\$9,206	\$8,940	\$9,097
Contributions in Relation to the Contractually Required Contribution	(8,849)	(9,206)	(8,940)	(9,097)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.81%</u>	<u>21.81%</u>	<u>21.67%</u>	<u>21.64%</u>

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

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
\$356,960	\$279,541	\$262,560	\$282,535	\$258,828	\$246,708
(356,960)	(279,541)	(262,560)	(282,535)	(258,828)	(246,708)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,681,335	\$1,570,617	\$1,765,717	\$1,909,227	\$1,735,014	\$1,660,712
21.23%	17.80%	14.87%	14.80%	14.92%	14.86%
\$8,406	\$56,804	\$119,186	\$128,873	\$117,114	\$112,098
(8,406)	(56,804)	(119,186)	(128,873)	(117,114)	(112,098)
\$0	\$0	\$0	\$0	\$0	\$0
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%
21.73%	21.42%	21.62%	21.55%	21.67%	21.61%

City of Girard, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions – OPERS Pension

Amounts reported beginning in 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	2017	2016 and prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

City of Girard, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions – OP&F Pension

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

	2018	2017 and Prior
Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Amounts reported for 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

Amounts reported for 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

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

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

City of Girard, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions – OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Assumptions – OP&F OPEB

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Girard
Trumbull County
100 West Main Street
Girard, Ohio 44420

To the Honorable Mayor and City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 11, 2019, wherein we noted the City adopted Governmental Accounting Standards Board Statement 75. We qualified our opinions on the business-type activities, Water Fund, and Sewer Fund because management has not adopted a methodology for calculating an actual accounts receivable balance and has not considered the need to provide an allowance for uncollectible amounts.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. We consider findings 2018-001, 2018-004, and 2018-009 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2018-005 through 2018-008 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-001 through 2018-003 and 2018-009.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

December 11, 2019

**CITY OF GIRARD
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018**

1. Budgeting for Federal and State Grants

FINDING NUMBER 2018-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 5705.42 requires when the United States government or the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of section 5705.41 of the Revised Code.

The City received a federal FEMA grant for the purchase of a new fire truck in the amount of \$428,572. The City did not budget for this transaction in their accounting system or in the financial statements. The accounting error caused an understatement of the Original and Final Intergovernmental Revenue and Capital Outlay accounts, in the amount of \$428,572, for the General Fund Budget and Actual Statement.

The City did not have adequate controls in place to help prevent or detect these errors. The financial statements have been updated accordingly.

The City should account and report the estimated resources and appropriations for all Federal and State grants.

2. Negative Fund Balances

FINDING NUMBER 2018-002

NONCOMPLIANCE

Ohio Rev. Code § 5705.10(I) provides that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund.

The City's fiscal year 2018 ledgers had the following negative fund balances during the months January through November:

- The Garbage Fund (204) had negative balances ranging from (\$22,530) to (\$102,770).
- The Fire Levy Fund (300) had negative balances ranging from (\$37,437) to (\$37,489).
- The General Fund (100) had negative balances of (\$23,126) and (\$32,916).
- The Street Permissive Tax Fund (203) had a negative balance of (\$32,564).
- The Ambulance Hospitalization Fund (209) had negative balances of (\$806).
- The Elderly Bus Fare Fund (210) had a negative balance of (\$922).
- The Recreation Fund (214) had a negative balance of (\$33,725).
- The General Bond Fund (350) had negative balances ranging from (\$12,929) to (\$72,902).
- The Water Revenue Fund (601) had negative balances of (\$27,150) and (\$70,465).
- The Cemetery Fund (640) had negative balances of (\$21,549) and (\$24,232).
- The Municipal Probation Services Fund (860) had negative balances ranging from (\$5,778) to (\$17,099).
- The Capital Improvement Safety Fund (925) had negative balances of (\$7,619) and (\$18,366).

Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure(s) and control(s), such as the Management and/or Council's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers from the General Fund should be made to these funds or appropriations modified to prevent the negative cash balances. The City should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

3. Water System Revenue Bond Requirements

FINDING NUMBER 2018-003

NONCOMPLIANCE

City Ordinance 7883-13 authorizing the issuance of revenue bonds, in the amount of \$1,615,000, for the purpose of purchasing and installing water meters to be used for the water utility system states the following:

Section 11: Creation of the Bond Fund. The City Auditor is hereby authorized to create and maintain the Bond Fund (the "Bond Fund"). The Bond Fund shall be funded solely from the Revenues of the Utility and be used for the purposes of payment of the principal of and interest on the Bonds, and redemption of the Bonds, as appropriate.

The Water System Revenue Bond payments were made directly from the Water Revenue Fund (#601). The City did not create a Bond Fund in accordance with City Ordinance 7883-13 Section 11.

The City lacked adequate controls to help ensure compliance with City Ordinance 7883-13.

The City should create a Bond Fund to be funded solely from the revenue of the utility, for the purposes of payment of the principal and interest on the bonds.

4. Utility Accounts Receivable

FINDING NUMBER 2018-004

MATERIAL WEAKNESS

Governmental Accounting Standards Board (GASB) Statement 34, Footnote 41 requires that revenues should be reported net of discounts and allowances with the discount or allowance amount parenthetically disclosed on the face of the statement or in a note to the financial statements. Alternatively, revenues may be reported gross with the related discounts and allowances reported directly beneath the revenue amount.

The accounts receivable reported in the Statement of Net Position – Proprietary Funds and Business Type Activities is potentially misstated because the amount does not factor in an amount for uncollectible accounts. Instead, the accounts receivable amount equals the total amount billed to customers as of year-end but not paid until after December 31, 2018.

An adequate allowance for uncollectible accounts would properly decrease revenues and assets of the Water and Sewer Funds and the Business Type Activities. The amounts by which this departure would affect the accounts receivable and revenue accounts cannot reasonably be determined.

The City should establish a method of pursuing collection of overdue utility accounts. An aged receivable listing should be compiled and reasonable percentages should be applied to the aged listing to come up with an estimated uncollectible amount.

5. Lack of Monitoring

FINDING NUMBER 2018-005

SIGNIFICANT DEFICIENCY

Ohio Administrative Code §117-2-01 (A) states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. Section (B) defines "Internal control" as a process effected by an entity's governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Reliability of financial reporting;
2. Effectiveness and efficiency of operations;
3. Compliance with applicable laws and regulations; and
4. Safeguarding of assets.

Subsection (C) provides that internal control consists of interrelated components (such as but not limited to):

- (1) Control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- (2) Control activities, which are policies and procedures that help ensure management directives are carried out so as to identify and assess the risks of material misstatements, whether due to fraud or error, at the financial statement and relevant assertion levels.
- (3) Information and communication, which are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
- (4) Monitoring, which is a process that assesses the quality of internal control performance over time.

(D) When designing the public office's system of internal control and the specific control activities, management should consider the following (such as but not limited to):

- (1) Ensure that all transactions are properly authorized in accordance with management's policies.
- (2) Ensure that accounting records are properly designed.
- (3) Ensure adequate security of assets and records.
- (4) Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The City lacked effective monitoring controls in many areas of the financial reporting process. The lack of effective monitoring controls contributed to an environment which allowed undetected errors affecting the un-posted and un-budgeted on-behalf monies, budgetary law violations, incomplete capital asset records, revenue and disbursement posting errors, and non-compliance with bond requirements.

The City also lacks written policies and procedures over its operations, its employees' rights and responsibilities, and its inventory and assets.

The City should establish and implement effective monitoring controls over financial reporting, and establish written operational policies and procedures.

6. Bank Reconciliation

FINDING NUMBER 2018-006

SIGNIFICANT DEFICIENCY

Sound accounting practices require that when designing the City's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The City Auditor is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the City Council is responsible for reviewing the reconciliations and related support.

Bank to book reconciliations were prepared each month by the City, with oversight from Local Government Services, however the City did not post the related adjusting entries to the accounting system in a timely manner. Monthly adjusting entries were carried forward on the reconciliation until December and were posted at the end of the year. The City failed to post or posted in error 127 transactions resulting in adjustments totaling \$210,339; revenues were understated by \$53,585 and disbursements were overstated by \$156,754. The errors and omissions noted above led to an understatement of the accounting system fund balances throughout the year. Any reliance on the accounting system for monitoring of financial data and managerial decisions would be affected.

The outstanding check list from the City's primary and payroll checking accounts contained 279 checks totaling \$87,615 that were outstanding for a period longer than one year. Stale dated checks may result in a cumbersome and/or incorrect reconciliation. These outstanding checks should be paid into an unclaimed monies fund as indicated in Ohio Revised Code Section 9.39.

The City should take steps to ensure all accounts are reconciled on a monthly basis and any unreconciled variances investigated and corrected in a timely manner. The City should additionally take steps to alleviate or adjust outstanding reconciling items after being fully investigated and approved by City Council. Reconciling adjustments should be recorded in the accounting system in a timely manner. As a monitoring control, the monthly bank reconciliation should be reviewed and evidenced as approved by an individual with appropriate fiscal authority. The monthly bank reconciliation should be included in the monthly financial reports submitted to Council for their review and approval.

The City should implement policies and procedures which would include reviewing the outstanding check list and remove any outstanding checks longer than six months. These outstanding checks should be placed in an unclaimed money fund.

7. Account Classification

FINDING NUMBER 2018-007

SIGNIFICANT DEFICIENCY

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The control procedures over the review of receipt transactions failed to recognize errors related to posting classifications because the procedures were inadequate.

- The City issues speeding citations through the use of photo camera enforcement. A contracted service provider handles the billing and collections and then remits the City share on a monthly basis. The City posted Fines and Forfeitures revenue (net of related expenditures) instead of recording the gross Fines and Forfeitures revenue and related General Government expenditures. This accounting error understated Fines and Forfeitures revenue and General Government expenditures in the amounts of \$77,053, \$38,635, \$7,347, and \$30,459 for the General, SCMR, Recreation, and Police Capital Improvements funds respectively.
- The City employs a court magistrate who is paid out of the General Fund. The Court General Special Project Fund (Project Fund) reimbursed the General Fund for a portion of payroll related costs in the amount of \$20,874. The City accounted for the transaction by recording a Capital Outlay expenditure in the Project Fund and corresponding Fines and Forfeitures revenue in the General Fund. The City should have recorded a General Government expenditure in the Project Fund and a reduction of General Government expenditure in the General Fund. This accounting error overstated Fines and Forfeitures revenue and General Government expenditures for the General Fund in the amount of \$20,874.
- The City employs probation officers who are paid out of the General Fund. The Municipal Probation Services Fund (Probation Fund) reimbursed the General Fund for a portion of payroll related costs in the amount of \$149,648. The City accounted for the transaction by recording a Community Development expenditure in the Probation Fund and corresponding Fines and Forfeitures revenue in the General Fund. The City should have recorded a reduction of General Government expenditure in the General Fund instead of Fines and Forfeitures revenue. This accounting error overstated Fines and Forfeitures revenue and General Government expenditures for the General Fund in the amount of \$149,648.
- The City employs deputy clerks who are paid out of the General Fund. The Court Computer Fund B reimbursed the General Fund for a portion of payroll related costs in the amount of \$20,000. The City accounted for the transaction by recording a Capital Outlay expenditure in Computer Fund B and corresponding Fines and Forfeitures revenue in the General Fund. The City should have recorded a General Government expenditure in Computer Fund B and a reduction of General Government expenditure in the General Fund. This accounting error overstated Fines and Forfeitures revenue and General Government expenditures for the General Fund in the amount of \$20,000.

- The City employs a bailiff who is paid out of the General Fund. The Court General Special Project Fund (Project Fund) reimbursed the General Fund for a portion of payroll related costs in the amount of \$37,608. The City accounted for the transaction by recording a Capital Outlay expenditure in the Project Fund and corresponding Fines and Forfeitures revenue in the General Fund. The City should have recorded a General Government expenditure in the Project Fund and a reduction of General Government expenditure in the General Fund. This accounting error overstated Fines and Forfeitures revenue and General Government expenditures for the General Fund in the amount of \$37,608.

The City did not have adequate controls in place to prevent or detect these errors. The financial statements have not adjusted for these immaterial errors.

The City should review transaction postings to the accounting system and trial balances to help ensure amounts are properly classified in the financial statements.

8. Health Plan Administrator and Blue Line Solutions Service Auditor Reports

FINDING NUMBER 2018-008

SIGNIFICANT DEFICIENCY

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

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

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

The City contracts with Health Plan Administrators (HPA), which acts as an outside processing service 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.

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. In addition, the City's failure to review HPA detailed billings could result in undetected errors for processed claims.

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

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

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

9. Garbage Contract not Properly Bid/Approved

FINDING NUMBER 2018-009

NONCOMPLIANCE AND MATERIAL WEAKNESS

The Ohio Revised Code requires the following regarding municipal public service contracts:

- Ohio Rev. Code § 735.05 provides expenditures exceeding fifty thousand dollars shall first be authorized and directed by ordinance of the city legislative authority. When so authorized and directed, the director of public service shall make a written contract with the lowest and best bidder after advertisement for not less than two nor more than four consecutive weeks in a newspaper of general circulation within the city.
- Ohio Rev. Code § 733.22 indicates no contract in the department of public service, in excess of five thousand dollars, shall be awarded except on the approval of the board of control of the city, which board shall direct the director to enter into the contract.
- Ohio Rev. Code § 705.11 provides no contract with the municipal corporation shall take effect until the approval of the city director of law is endorsed thereon.

Additionally, the City did not follow their own internal narrative requirement that all contracts over \$25,000 should be bid.

In 2018, the City's garbage contract paid the garbage vendor over \$518,000. This contract was not bid, not approved by City Council or the City Board of Control, nor was the contract signed by the Law Director. The contract was renewed by and signed by the Service Director.

The City did not have any controls to prevent or detect the non-compliances from happening.

Unauthorized contracts and expenditures could result in illegal expenditures being made by the City and potential findings for recovery for such illegal expenditures.

The City should implement controls to help ensure all expenditures over \$25,000 are bid, all contracts are formally approved, and contracts are properly signed.

Officials' Responses: The City did not provide any responses.

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**CITY OF GIRARD
100 WEST MAIN STREET-SUITE 4
GIRARD, OH 44420-2598**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Bank Versus Book Reconciliations (initially occurred 2007)	Not corrected	The City will continue to try to get better, more thorough, efficient, and more timely.
2017-002	Negative Fund Balances (initially occurred 2014)	Not corrected	The City will continue to try to get better, more thorough, efficient, and more timely.
2017-003	Water System Revenue Bond Requirements (initially occurred 2014)	Not corrected	The City will continue to try to get better, more thorough, efficient, and more timely.
2017-004	Utility Accounts Receivable (initially occurred 2014)	Not corrected	The City will continue to try to get better, more thorough, efficient, and more timely.
2017-005	Account Classifications (initially occurred 2011)	Not corrected	The City will continue to try to get better, more thorough, efficient, and more timely.
2017-006	Lack of Monitoring (initially occurred 2014)	Not corrected	The City will continue to try to get better, more thorough, efficient, and more timely.
2017-007	Health Plan Administrator Monitoring (initially occurred 2011)	Not corrected	The City will continue to try to get better, more thorough, efficient, and more timely.
2017-009	ODOT On-Behalf Monies not Recorded	Not corrected	The City will continue to try to get better, more thorough, efficient, and more timely.
2017-010	Federal Schedule	Not corrected	The City will continue to try to get better, more thorough, efficient, and more timely.

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OHIO AUDITOR OF STATE KEITH FABER



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
JANUARY 9, 2020**