

**CITY OF GIRARD  
TRUMBULL COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2022**

***Zupka & Associates***  
**Certified Public Accountants**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

City Council  
City of Girard  
100 W. Main St.  
Girard, OH 44420

We have reviewed the *Independent Auditor's Report* of the City of Girard, Trumbull County, prepared by Zupka & Associates, for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The Auditor of State is conducting an investigation of the City, any potential findings related to controls or compliance will be reported in a future report.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

October 03, 2023

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**CITY OF GIRARD  
TRUMBULL COUNTY, OHIO  
AUDIT REPORT  
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## INDEPENDENT AUDITOR'S REPORT

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

To the Members of City Council:

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Girard, Trumbull County, Ohio, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Girard as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and the Street Construction, Maintenance and Repair Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Zupka & Associates  
Certified Public Accountants

July 27, 2023

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**City of Girard, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*Unaudited*

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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, 2022. 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 2022 are as follows:

- The City's governmental net position increased during 2022 mainly due to changes in net pension/OPEB asset/liabilities and the related deferred outflows and inflows associated with these assets and liabilities.
- Capital asset additions consisted of buildings and improvements, purchase of equipment and vehicles and infrastructure improvements related to roads and waterlines projects.
- The City implemented GASB 87 during fiscal year 2022 which resulted in the recording of a lease payable related to copiers and a financed purchase of police and fire radios.
- During 2022, the City fully repaid the general obligation bonds.

**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.

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**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 2022?" 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.

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

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

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

**Reporting on the Most Significant Funds of the City of Girard**

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

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

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**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.

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

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

**The City of Girard as a Whole**

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2022 as they compare to 2021.

**City of Girard, Ohio**  
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(Table 1)  
*Net Position*

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and Other Assets	\$8,219,118	\$9,305,038	\$13,458,759	\$13,501,354	\$21,677,877	\$22,806,392
Net Pension Asset	15,097	10,825	12,863	9,222	27,960	20,047
Net OPEB Asset	280,122	160,422	238,624	136,657	518,746	297,079
Capital Assets, Net	18,164,840	18,263,454	33,642,752	33,173,517	51,807,592	51,436,971
<i>Total Assets</i>	<u>26,679,177</u>	<u>27,739,739</u>	<u>47,352,998</u>	<u>46,820,750</u>	<u>74,032,175</u>	<u>74,560,489</u>
<b>Deferred Outflows of Resources</b>						
Pension	2,085,679	1,401,834	308,697	180,739	2,394,376	1,582,573
OPEB	685,056	911,770	2,228	75,436	687,284	987,206
Asset Retirement Obligation	0	0	461,860	467,293	461,860	467,293
<i>Total Deferred Outflows of Resources</i>	<u>2,770,735</u>	<u>2,313,604</u>	<u>772,785</u>	<u>723,468</u>	<u>3,543,520</u>	<u>3,037,072</u>
<b>Liabilities</b>						
Current Liabilities	1,104,793	831,969	500,534	298,416	1,605,327	1,130,385
Long-term Liabilities						
Due within one Year	365,222	734,333	794,506	782,756	1,159,728	1,517,089
Due in More than one Year						
Net Pension Liability	5,594,457	6,844,237	703,260	1,204,832	6,297,717	8,049,069
Net OPEB Liability	836,682	843,912	0	0	836,682	843,912
Other Amounts	679,685	1,142,879	21,193,715	21,862,994	21,873,400	23,005,873
<i>Total Liabilities</i>	<u>8,580,839</u>	<u>10,397,330</u>	<u>23,192,015</u>	<u>24,148,998</u>	<u>31,772,854</u>	<u>34,546,328</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	1,188,537	1,171,238	0	0	1,188,537	1,171,238
Pension	3,207,750	1,909,077	863,993	524,489	4,071,743	2,433,566
OPEB	1,034,625	1,380,553	247,422	417,584	1,282,047	1,798,137
<i>Total Deferred Inflows of Resources</i>	<u>5,430,912</u>	<u>4,460,868</u>	<u>1,111,415</u>	<u>942,073</u>	<u>6,542,327</u>	<u>5,402,941</u>
<b>Net Position</b>						
Net Investment in						
Capital Assets	17,961,638	17,329,041	12,731,510	11,767,033	30,693,148	29,096,074
Restricted for:						
Capital Projects	591,444	680,416	0	0	591,444	680,416
Debt Service	0	471,828	0	0	0	471,828
State Highway Maintenance	94,759	154,058	0	0	94,759	154,058
Street Resurfacing and						
Traffic Lights	119,075	237,757	0	0	119,075	237,757
Garbage Collection	418,595	406,738	0	0	418,595	406,738
Other Purposes	2,119,582	2,605,246	0	0	2,119,582	2,605,246
Pension Plans	12,273	8,685	10,460	7,404	22,733	16,089
Unrestricted (Deficit)	(5,879,205)	(6,698,624)	11,080,383	10,678,710	5,201,178	3,980,086
<i>Total Net Position</i>	<u>\$15,438,161</u>	<u>\$15,195,145</u>	<u>\$23,822,353</u>	<u>\$22,453,147</u>	<u>\$39,260,514</u>	<u>\$37,648,292</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the City is not responsible for certain key factors affecting the balance of these

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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 eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

Total current and other assets for governmental activities decreased due to a decrease in cash and cash equivalents resulting from cash basis expenditures outpacing cash basis revenues. Net capital assets for governmental activities slightly decreased from the prior year due to current year additions falling below current year depreciation. Current liabilities increased due to the timing on payment for contracts payable for construction done at year end and unearned revenue related to the American Rescue Plan grants received before eligibility requirements were met. Changes in the net pension and net OPEB liabilities and the related deferred outflows and inflows also resulted in increases to net position.

Total current and other assets for business-type activities decreased slightly due to an decrease in the intergovernmental receivable related to a portion of OWDA debt being paid for by the County. Net capital assets increased from the prior year due to current year additions of construction in progress, buildings and improvements, vehicles and infrastructure outpacing annual depreciation. Total liabilities for business-type activities decreased due to a drop in net pension liability, net OPEB liability and long-term debt obligations.

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 2022 and 2021.

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(Table 2)  
*Changes in Net Position*

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>Program Revenues</b>						
Charges for Services and Assessments	\$3,376,896	\$4,446,543	\$7,152,069	\$6,631,671	\$10,528,965	\$11,078,214
Operating Grants and Contributions	1,615,037	1,267,150	0	0	1,615,037	1,267,150
Capital Grants and Contributions	150,000	235,738	262,951	7,366,354	412,951	7,602,092
<i>Total Program Revenues</i>	<u>5,141,933</u>	<u>5,949,431</u>	<u>7,415,020</u>	<u>13,998,025</u>	<u>12,556,953</u>	<u>19,947,456</u>
<b>General Revenues</b>						
Property Taxes	1,116,465	1,230,615	0	0	1,116,465	1,230,615
Municipal Income Taxes	4,216,409	3,586,056	0	0	4,216,409	3,586,056
Local Permissive Taxes	132,463	166,161	0	0	132,463	166,161
Grants and Entitlements not Restricted to Specific Programs	271,439	59,649	0	0	271,439	59,649
Investment Earnings/Interest	126,857	13,091	0	0	126,857	13,091
Unrestricted Contributions	0	53	0	0	0	53
Other	444,837	245,172	8,217	867	453,054	246,039
<i>Total General Revenues</i>	<u>6,308,470</u>	<u>5,300,797</u>	<u>8,217</u>	<u>867</u>	<u>6,316,687</u>	<u>5,301,664</u>
<i>Total Revenues</i>	<u>11,450,403</u>	<u>11,250,228</u>	<u>7,423,237</u>	<u>13,998,892</u>	<u>18,873,640</u>	<u>25,249,120</u>
<b>Program Expenses</b>						
General Government	2,904,324	2,146,284	0	0	2,904,324	2,146,284
Security of Persons and Property	4,837,534	5,037,789	0	0	4,837,534	5,037,789
Public Health Services	105,618	87,133	0	0	105,618	87,133
Transportation	2,016,479	1,733,885	0	0	2,016,479	1,733,885
Community Development	299,111	299,112	0	0	299,111	299,112
Basic Utility Services	562,087	550,298	0	0	562,087	550,298
Leisure Time Activities	454,539	328,227	0	0	454,539	328,227
Interest	27,695	48,128	0	0	27,695	48,128
Water	0	0	3,859,257	3,465,628	3,859,257	3,465,628
Sewer	0	0	2,194,774	2,035,426	2,194,774	2,035,426
<i>Total Program Expenses</i>	<u>11,207,387</u>	<u>10,230,856</u>	<u>6,054,031</u>	<u>5,501,054</u>	<u>17,261,418</u>	<u>15,731,910</u>
<i>Change in Net Position</i>	243,016	1,019,372	1,369,206	8,497,838	1,612,222	9,517,210
Net Position Beginning of the Year	15,195,145	14,175,773	22,453,147	13,955,309	37,648,292	28,131,082
Net Position End of the Year	<u>\$15,438,161</u>	<u>\$15,195,145</u>	<u>\$23,822,353</u>	<u>\$22,453,147</u>	<u>\$39,260,514</u>	<u>\$37,648,292</u>

The overall financial strength and the net position of the City improved in 2022 from 2021 for reasons previously stated. The City also makes a conscious effort to follow its financial plan and live within their financial means.

**Governmental Activities**

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



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amount allocated to the general fund was 80.00 percent (January through May) and 97.00 percent (June - December). The amount allocated to the general obligation bond retirement fund was 17.00 percent (January through May and 0.00 percent (June – December). The amount allocated to the garbage fund was 3.00 percent (January through May) and 3.00 percent (June – December).

Charges for services decreased in the governmental activities primarily as a result of a decrease in fines, forfeitures, and settlements resulting from police activities. The increase in governmental activities operating grants and contributions resulted from a increase in american rescue plan act monies. Capital grants and contributions decreased due to a drop in State technology grants. Municipal income taxes increased due to higher collections from withholdings. Other revenue increased mainly as a result of an increase in insurance reimbursement monies.

The largest governmental activities expenses are normally for the police and fire departments. The police department employs fifteen 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.

### **Business-Type Activities**

The City operates two business-type activities, the water and sewer treatment facilities. These two activities generated charges for service revenues of \$4,381,724 from water and \$2,770,345 from the sewer plant facility. Water and sewer expenses for 2022 amounted to \$3,859,257 and \$2,194,774, respectively. For 2022, 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 decreased mainly as a result of an increase in general government expenses resulting from increased wages and benefits. Also, leisure time activities attributed to the decrease from expenditures resulting from increased wages and recreation operation expenses.

The street construction, maintenance and repair special revenue fund balance decreased due to an increase in street and maintenance operating expenditures.

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 \$7,160,286 and total operating expenses of \$5,970,198. The City has the power to increase revenue through rate increases. The net position balance of \$23,822,353 shows a strength for these activities.

**City of Girard, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*Unaudited*

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**General Fund Budgeting Highlights**

Budgeting for the operations of the City is done as prescribed by Ohio Revised Code. Essentially the budget is the City's appropriations, which is restricted by the amounts of the anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code. In 2022, actual revenues for the general fund were higher than final estimated revenues due mainly to higher income tax revenues from withholdings. The City's actual expenditures were lower than final appropriations mainly 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 decreased from the prior year as a result of annual depreciation outpacing current year additions. Current year governmental additions consisted of new vehicles for police, fire and street, furniture and appliances for the fire department, equipment including turnout gear, a new telephone system and laptops and street paving improvements. Other additions included building improvements for gym renovations and new basketball hoops as well as concession stand improvements.

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 a new telephone system and the Trumbull avenue waterline replacement.

See Note 10 to the basic financial statements for additional information on capital assets.

**Long-term Obligations**

As of December 31, 2022, long-term obligations include financed purchases, OWDA loans, compensated absences, police and fire pensions, net pension liability, net OPEB liability and asset retirement obligations.

General obligation bonds payable are being paid from the bond retirement fund. The interest rate on the bonds is 2.71 percent. These bonds were fully repaid during fiscal year 2022.

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

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

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

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

**City of Girard, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*Unaudited*

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

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

The City of Girard's overall legal debt margin was \$12,729,072 on December 31, 2022. 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 2022.

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

**Contacting the City of Girard's Financial Management**

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

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## Basic Financial Statements

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**City of Girard, Ohio**  
*Statement of Net Position*  
*December 31, 2022*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$4,505,227	\$4,287,206	\$8,792,433
Cash and Cash Equivalents			
In Segregated Accounts	37,652	0	37,652
Accounts Receivable	174,666	2,517,460	2,692,126
Internal Balances	32,739	(32,739)	0
Intergovernmental Receivable	653,109	6,612,209	7,265,318
Property Taxes Receivable	1,407,895	0	1,407,895
Income Taxes Receivable	1,303,909	0	1,303,909
Local Permissive Taxes Receivable	71,567	0	71,567
Special Assessments Receivable	6,253	16,161	22,414
Prepaid Items	26,101	58,462	84,563
Net Pension Asset (See Note 13)	15,097	12,863	27,960
Net OPEB Asset (See Note 14)	280,122	238,624	518,746
Nondepreciable Capital Assets	1,114,360	4,387,169	5,501,529
Depreciable Capital Assets, Net	17,050,480	29,255,583	46,306,063
<i>Total Assets</i>	<u>26,679,177</u>	<u>47,352,998</u>	<u>74,032,175</u>
<b>Deferred Outflows of Resources</b>			
Pension	2,085,679	308,697	2,394,376
OPEB	685,056	2,228	687,284
Asset Retirement Obligation	0	461,860	461,860
<i>Total Deferred Outflows of Resources</i>	<u>2,770,735</u>	<u>772,785</u>	<u>3,543,520</u>
<b>Liabilities</b>			
Accounts Payable	138,177	64,376	202,553
Contracts Payable	124,945	192,299	317,244
Accrued Wages	76,711	24,673	101,384
Intergovernmental Payable	76,513	177,766	254,279
Accrued Interest Payable	2,648	41,420	44,068
Unearned Revenue	610,854	0	610,854
Claims Payable	74,945	0	74,945
Long-Term Liabilities:			
Due Within One Year	365,222	794,506	1,159,728
Due In More Than One Year:			
Net Pension Liability (See Note 13)	5,594,457	703,260	6,297,717
Net OPEB Liability (See Note 14)	836,682	0	836,682
Other Amounts	679,685	21,193,715	21,873,400
<i>Total Liabilities</i>	<u>8,580,839</u>	<u>23,192,015</u>	<u>31,772,854</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	1,188,537	0	1,188,537
Pension	3,207,750	863,993	4,071,743
OPEB	1,034,625	247,422	1,282,047
<i>Total Deferred Inflows of Resources</i>	<u>5,430,912</u>	<u>1,111,415</u>	<u>6,542,327</u>
<b>Net Position</b>			
Net Investment in Capital Assets	17,961,638	12,731,510	30,693,148
Restricted for:			
Capital Projects	591,444	0	591,444
State Highway Maintenance	94,759	0	94,759
Street Resurfacing and Traffic Lights	119,075	0	119,075
Garbage Collection	418,595	0	418,595
Other Purposes	2,119,582	0	2,119,582
Pension Plans	12,273	10,460	22,733
Unrestricted (Deficit)	(5,879,205)	11,080,383	5,201,178
<i>Total Net Position</i>	<u>\$15,438,161</u>	<u>\$23,822,353</u>	<u>\$39,260,514</u>

See accompanying notes to the basic financial statements

**City of Girard, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2022

	Expenses	Program Revenues		
		Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$2,904,324	\$1,264,106	\$413,869	\$0
Security of Persons and Property	4,837,534	1,979,706	57,292	150,000
Public Health Services	105,618	99,793	2,997	0
Transportation	2,016,479	0	1,051,919	0
Community Development	299,111	0	0	0
Basic Utility Services	562,087	0	61,249	0
Leisure Time Activities	454,539	33,291	27,711	0
Interest	27,695	0	0	0
<i>Total Governmental Activities</i>	<u>11,207,387</u>	<u>3,376,896</u>	<u>1,615,037</u>	<u>150,000</u>
<b>Business-Type Activities:</b>				
Water	3,859,257	4,381,724	0	222,000
Sewer	2,194,774	2,770,345	0	40,951
<i>Total Business-Type Activities</i>	<u>6,054,031</u>	<u>7,152,069</u>	<u>0</u>	<u>262,951</u>
<i>Total</i>	<u>\$17,261,418</u>	<u>\$10,528,965</u>	<u>\$1,615,037</u>	<u>\$412,951</u>

**General Revenues**

Property Taxes Levied for:

General Purposes

Garbage

Fire

Police

Cemetery

Senior Services

Income Taxes Levied for:

General Purposes

Garbage

Debt Service

Local Permissive Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings/Interest

Other

*Total General Revenues*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

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Net (Expense) Revenue and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
(\$1,226,349)	\$0	(\$1,226,349)
(2,650,536)	0	(2,650,536)
(2,828)	0	(2,828)
(964,560)	0	(964,560)
(299,111)	0	(299,111)
(500,838)	0	(500,838)
(393,537)	0	(393,537)
(27,695)	0	(27,695)
(6,065,454)	0	(6,065,454)
0	744,467	744,467
0	616,522	616,522
0	1,360,989	1,360,989
(6,065,454)	1,360,989	(4,704,465)
212,318	0	212,318
381,875	0	381,875
304,854	0	304,854
30,060	0	30,060
20,042	0	20,042
167,316	0	167,316
3,826,397	0	3,826,397
122,957	0	122,957
267,055	0	267,055
132,463	0	132,463
271,439	0	271,439
126,857	0	126,857
444,837	8,217	453,054
6,308,470	8,217	6,316,687
243,016	1,369,206	1,612,222
15,195,145	22,453,147	37,648,292
\$15,438,161	\$23,822,353	\$39,260,514

**City of Girard, Ohio**

*Balance Sheet  
Governmental Funds  
December 31, 2022*

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,122,252	\$1,170,593	\$2,161,407	\$4,454,252
Cash and Cash Equivalents In Segregated Accounts	16,553	0	21,099	37,652
Receivables:				
Property Taxes	284,141	0	1,123,754	1,407,895
Income Taxes	1,264,792	0	39,117	1,303,909
Local Permissive Taxes Accounts	0	0	71,567	71,567
	124,514	28,750	21,402	174,666
Intergovernmental	249,982	306,125	97,002	653,109
Special Assessments	6,253	0	0	6,253
Prepaid Items	21,401	3,700	1,000	26,101
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	49,941	0	0	49,941
<i>Total Assets</i>	<u>\$3,139,829</u>	<u>\$1,509,168</u>	<u>\$3,536,348</u>	<u>\$8,185,345</u>
<b>Liabilities</b>				
Accounts Payable	\$113,786	\$14,295	\$10,096	\$138,177
Contracts Payable	124,945	0	0	124,945
Accrued Wages	64,942	7,755	4,014	76,711
Intergovernmental Payable	66,963	5,672	3,878	76,513
Interfund Payable	25,602	4,708	11,896	42,206
Unearned Revenue	0	0	610,854	610,854
<i>Total Liabilities</i>	<u>396,238</u>	<u>32,430</u>	<u>640,738</u>	<u>1,069,406</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	239,870	0	948,667	1,188,537
Unavailable Revenue	1,192,613	257,553	359,443	1,809,609
<i>Total Deferred Inflows of Resources</i>	<u>1,432,483</u>	<u>257,553</u>	<u>1,308,110</u>	<u>2,998,146</u>
<b>Fund Balances</b>				
Nonspendable	71,342	3,700	1,000	76,042
Restricted	3,327	1,215,485	1,587,514	2,806,326
Assigned	598,428	0	0	598,428
Unassigned (Deficit)	638,011	0	(1,014)	636,997
<i>Total Fund Balances</i>	<u>1,311,108</u>	<u>1,219,185</u>	<u>1,587,500</u>	<u>4,117,793</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$3,139,829</u>	<u>\$1,509,168</u>	<u>\$3,536,348</u>	<u>\$8,185,345</u>

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, 2022*

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**Total Governmental Fund Balances** \$4,117,793

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 18,164,840

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	219,358
Income Taxes	1,029,208
Local Permissive Taxes	60,356
Intergovernmental	494,434
Special Assessments	6,253

Total 1,809,609

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

In the statement of activities, interest is accrued on outstanding bonds and financed purchases, whereas in governmental funds, an interest expenditure is reported when due. (2,648)

The net pension asset, net pension liability, net OPEB asset 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	15,097
Net OPEB Asset	280,122
Deferred Outflows - Pension	2,085,679
Deferred Outflows - OPEB	685,056
Net Pension Liability	(5,594,457)
Net OPEB Liability	(836,682)
Deferred Inflows - Pension	(3,207,750)
Deferred Inflows - OPEB	(1,034,625)

Total (7,607,560)

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

Lease Payable	(16,891)
Financed Purchase	(140,486)
Compensated Absences	(723,230)
Police and Fire Pension Loan	(164,300)

Total (1,044,907)

*Net Position of Governmental Activities* \$15,438,161

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, 2022*

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$224,729	\$0	\$953,396	\$1,178,125
Municipal Income Taxes	3,610,852	0	556,625	4,167,477
Local Permissive Taxes	0	0	136,268	136,268
Special Assessments	6,629	0	0	6,629
Charges for Services	0	0	94,124	94,124
Fees, Licenses and Permits	224,839	0	219,975	444,814
Fines, Forfeitures and Settlements	1,904,740	353,322	558,458	2,816,520
Intergovernmental	146,583	1,008,606	782,385	1,937,574
Investment Earnings/Interest	126,838	0	19	126,857
Rentals	14,018	0	0	14,018
Contributions and Donations	0	0	818	818
Other	394,512	3,774	6,105	404,391
<i>Total Revenues</i>	<u>6,653,740</u>	<u>1,365,702</u>	<u>3,308,173</u>	<u>11,327,615</u>
<b>Expenditures</b>				
Current:				
General Government	2,526,502	0	515,699	3,042,201
Security of Persons and Property	4,191,108	140,792	782,097	5,113,997
Public Health Services	49,373	0	74,215	123,588
Transportation	10,176	1,661,055	378,088	2,049,319
Basic Utility Services	0	0	554,224	554,224
Leisure Time Activities	295,782	0	216,129	511,911
Capital Outlay	0	0	585,221	585,221
Debt Service:				
Principal Retirement	48,783	0	738,161	786,944
Interest	7,838	0	25,464	33,302
<i>Total Expenditures</i>	<u>7,129,562</u>	<u>1,801,847</u>	<u>3,869,298</u>	<u>12,800,707</u>
<i>Excess of Revenues</i> <i>Over (Under) Expenditures</i>	(475,822)	(436,145)	(561,125)	(1,473,092)
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	9,100	0	0	9,100
<i>Net Change in Fund Balances</i>	(466,722)	(436,145)	(561,125)	(1,463,992)
<i>Fund Balances Beginning of Year</i>	<u>1,777,830</u>	<u>1,655,330</u>	<u>2,148,625</u>	<u>5,581,785</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,311,108</u></u>	<u><u>\$1,219,185</u></u>	<u><u>\$1,587,500</u></u>	<u><u>\$4,117,793</u></u>

See accompanying notes to the basic financial statements

**City of Girard, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2022*

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**Net Change in Fund Balances - Total Governmental Funds** (\$1,463,992)

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

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

Capital Asset Additions	1,763,461	
Depreciation	<u>(1,773,951)</u>	
Total		(10,490)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (88,124)

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

Delinquent Property Taxes	(61,660)	
Income Taxes	48,932	
Local Permissive Taxes	(3,805)	
Intergovernmental	98,084	
Special Assessments	<u>791</u>	
Total		82,342

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

Pension	654,342	
OPEB	<u>10,497</u>	
Total		664,839

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	(15,118)	
OPEB	<u>235,647</u>	
Total		220,529

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. 786,944

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. 5,607

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. 45,361

*Change in Net Position of Governmental Activities* \$243,016

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, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$218,473	\$218,473	\$224,729	\$6,256
Municipal Income Taxes	3,380,465	3,380,465	3,564,731	184,266
Fees, Licenses and Permits	219,993	219,993	223,379	3,386
Fines, Forfeitures and Settlements	1,546,853	1,546,853	1,573,892	27,039
Intergovernmental	97,772	97,772	99,337	1,565
Investment Earnings/Interest	123,777	123,777	126,838	3,061
Rentals	12,463	12,463	12,771	308
Other	492,105	492,105	284,470	(207,635)
<i>Total Revenues</i>	6,091,901	6,091,901	6,110,147	18,246
<b>Expenditures</b>				
Current:				
General Government	2,762,510	2,767,417	2,384,834	382,583
Security of Persons and Property	4,132,428	4,309,812	4,155,432	154,380
Public Health Services	62,020	62,020	61,404	616
Transportation	31,000	31,400	27,724	3,676
<i>Total Expenditures</i>	6,987,958	7,170,649	6,629,394	541,255
<i>Excess of Revenues Over (Under) Expenditures</i>	(896,057)	(1,078,748)	(519,247)	559,501
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	9,100	9,100
<i>Net Change in Fund Balance</i>	(896,057)	(1,078,748)	(510,147)	568,601
<i>Fund Balance Beginning of Year</i>	1,452,746	1,452,746	1,452,746	0
Prior Year Encumbrances Appropriated	24,167	24,167	24,167	0
<i>Fund Balance End of Year</i>	\$580,856	\$398,165	\$966,766	\$568,601

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, 2022*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Fines, Forfeitures and Settlements	\$457,780	\$457,780	\$351,980	(\$105,800)
Intergovernmental	1,000,000	1,000,000	861,040	(138,960)
Other	3,774	3,774	3,774	0
<i>Total Revenues</i>	<u>1,461,554</u>	<u>1,461,554</u>	<u>1,216,794</u>	<u>(244,760)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	140,792	140,792	140,792	0
Transportation	1,440,308	1,680,401	1,547,013	133,388
<i>Total Expenditures</i>	<u>1,581,100</u>	<u>1,821,193</u>	<u>1,687,805</u>	<u>133,388</u>
<i>Net Change in Fund Balance</i>	(119,546)	(359,639)	(471,011)	(111,372)
<i>Fund Balance Beginning of Year</i>	1,595,882	1,595,882	1,595,882	0
Prior Year Encumbrances Appropriated	<u>14,588</u>	<u>14,588</u>	<u>14,588</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,490,924</u></u>	<u><u>\$1,250,831</u></u>	<u><u>\$1,139,459</u></u>	<u><u>(\$111,372)</u></u>

See accompanying notes to the basic financial statements

**City of Girard, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2022*

	Enterprise			Internal Service
	Water	Sewer	Total	
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$2,332,342	\$1,954,864	\$4,287,206	\$1,034
Intergovernmental Receivable	9,290	6,602,919	6,612,209	0
Accounts Receivable	1,558,222	959,238	2,517,460	0
Special Assessments Receivable	11,090	5,071	16,161	0
Prepaid Items	22,562	35,900	58,462	0
Interfund Receivable	0	0	0	74,945
<i>Total Current Assets</i>	<u>3,933,506</u>	<u>9,557,992</u>	<u>13,491,498</u>	<u>75,979</u>
<i>Noncurrent Assets:</i>				
<i>Restricted Assets:</i>				
Net Pension Asset	5,312	7,551	12,863	0
Net OPEB Asset	98,563	140,061	238,624	0
Nondepreciable Capital Assets	1,687,169	2,700,000	4,387,169	0
Depreciable Capital Assets, Net	3,496,579	25,759,004	29,255,583	0
<i>Total Noncurrent Assets</i>	<u>5,287,623</u>	<u>28,606,616</u>	<u>33,894,239</u>	<u>0</u>
<i>Total Assets</i>	<u>9,221,129</u>	<u>38,164,608</u>	<u>47,385,737</u>	<u>75,979</u>
<b>Deferred Outflows of Resources</b>				
Pension	127,505	181,192	308,697	0
OPEB	920	1,308	2,228	0
Asset Retirement Obligation	0	461,860	461,860	0
<i>Total Deferred Outflows of Resources</i>	<u>128,425</u>	<u>644,360</u>	<u>772,785</u>	<u>0</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	27,546	36,830	64,376	0
Contracts Payable	192,299	0	192,299	0
Accrued Wages	11,123	13,550	24,673	0
Intergovernmental Payable	162,456	15,310	177,766	0
Interfund Payable	23,275	9,464	32,739	0
Accrued Interest Payable	0	41,420	41,420	0
Compensated Absences Payable	32,429	71,709	104,138	0
Lease Payable	2,916	0	2,916	0
OWDA Loans Payable	0	687,452	687,452	0
Claims Payable	0	0	0	74,945
<i>Total Current Liabilities</i>	<u>452,044</u>	<u>875,735</u>	<u>1,327,779</u>	<u>74,945</u>
<i>Long-Term Liabilities (net of current portion):</i>				
Compensated Absences Payable	44,591	120,549	165,140	0
Lease Payable	5,838	0	5,838	0
OWDA Loans Payable	0	20,022,737	20,022,737	0
Net Pension Liability	290,476	412,784	703,260	0
Asset Retirement Obligation Liability	0	1,000,000	1,000,000	0
<i>Total Long-Term Liabilities</i>	<u>340,905</u>	<u>21,556,070</u>	<u>21,896,975</u>	<u>0</u>
<i>Total Liabilities</i>	<u>792,949</u>	<u>22,431,805</u>	<u>23,224,754</u>	<u>74,945</u>
<b>Deferred Inflows of Resources</b>				
Pension	356,867	507,126	863,993	0
OPEB	102,196	145,226	247,422	0
<i>Total Deferred Inflows of Resources</i>	<u>459,063</u>	<u>652,352</u>	<u>1,111,415</u>	<u>0</u>
<b>Net Position</b>				
Net Investment in Capital Assets	4,982,695	7,748,815	12,731,510	0
Restricted for Pension Plans	4,321	6,139	10,460	0
Unrestricted	3,110,526	7,969,857	11,080,383	1,034
<i>Total Net Position</i>	<u>\$8,097,542</u>	<u>\$15,724,811</u>	<u>\$23,822,353</u>	<u>\$1,034</u>

See accompanying notes to the basic financial statements

**City of Girard, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2022*

	Enterprise			Internal Service
	Water	Sewer	Total	
<b>Operating Revenues</b>				
Charges for Services	\$4,375,240	\$2,768,228	\$7,143,468	\$1,764,177
Special Assessments	6,484	2,117	8,601	0
Other	2,250	5,967	8,217	40,446
<i>Total Operating Revenues</i>	<u>4,383,974</u>	<u>2,776,312</u>	<u>7,160,286</u>	<u>1,804,623</u>
<b>Operating Expenses</b>				
Personal Services	614,859	743,788	1,358,647	0
Materials and Supplies	804,020	531,873	1,335,893	0
Contractual Services	2,284,530	412,326	2,696,856	272,376
Depreciation	103,410	422,776	526,186	0
Claims	0	0	0	1,532,247
Other	52,130	486	52,616	0
<i>Total Operating Expenses</i>	<u>3,858,949</u>	<u>2,111,249</u>	<u>5,970,198</u>	<u>1,804,623</u>
<i>Operating Income (Loss)</i>	525,025	665,063	1,190,088	0
<b>Non-Operating Revenues (Expenses)</b>				
Interest	(308)	(83,525)	(83,833)	0
<i>Income (Loss) before Capital Contributions</i>	524,717	581,538	1,106,255	0
Capital Contributions	222,000	40,951	262,951	0
<i>Change in Net Position</i>	746,717	622,489	1,369,206	0
<i>Net Position Beginning of Year</i>	<u>7,350,825</u>	<u>15,102,322</u>	<u>22,453,147</u>	<u>1,034</u>
<i>Net Position End of Year</i>	<u>\$8,097,542</u>	<u>\$15,724,811</u>	<u>\$23,822,353</u>	<u>\$1,034</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, 2022

	Enterprise			Internal Service
	Water	Sewer	Total	
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$4,102,877	\$2,466,410	\$6,569,287	\$0
Cash Received from Interfund Services Provided	0	0	0	1,789,529
Special Assessments	11,090	5,071	16,161	0
Other Operating Revenues	2,250	5,967	8,217	40,446
Cash Payments to Employees for Services	(575,310)	(789,633)	(1,364,943)	0
Cash Payments for Goods and Services	(3,077,386)	(971,232)	(4,048,618)	(272,376)
Cash Payments for Claims	0	0	0	(1,557,599)
Cash Payments for Interfund Services Provided	(212,194)	(218,491)	(430,685)	0
Other Cash Payments	(51,830)	(486)	(52,316)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>199,497</u>	<u>497,606</u>	<u>697,103</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital Contributions	212,710	374,259	586,969	0
Principal Paid on OWDA Loan	0	(684,711)	(684,711)	0
Interest Paid on OWDA Loan	0	(84,895)	(84,895)	0
Principal Paid on Lease	(2,830)	0	(2,830)	0
Interest Paid on Lease	(308)	0	(308)	0
Payments for Capital Acquisitions	(794,600)	(8,522)	(803,122)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(585,028)</u>	<u>(403,869)</u>	<u>(988,897)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(385,531)</u>	<u>93,737</u>	<u>(291,794)</u>	<u>0</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,717,873</u>	<u>1,861,127</u>	<u>4,579,000</u>	<u>1,034</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$2,332,342</u></u>	<u><u>\$1,954,864</u></u>	<u><u>\$4,287,206</u></u>	<u><u>\$1,034</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating Income (Loss)	\$525,025	\$665,063	\$1,190,088	\$0
Adjustments:				
Depreciation	103,410	422,776	526,186	0
<i>(Increase) Decrease in Assets and Deferred Outflows:</i>				
Accounts Receivable	(272,363)	(301,818)	(574,181)	0
Special Assessments Receivable	4,606	2,954	7,560	0
Prepaid Items	(762)	(10,962)	(11,724)	0
Interfund Receivable	0	0	0	25,352
Net Pension Asset	(608)	(861)	(1,469)	0
Net OPEB Asset	1,428	2,031	3,459	0
Deferred Outflows - Pension	92,736	131,779	224,515	0
Deferred Outflows - OPEB	39,525	56,167	95,692	0
Deferred Outflows - Asset Retirement Obligation	0	5,433	5,433	0
<i>Increase (Decrease) in Liabilities and Deferred Inflows:</i>				
Accounts Payable	12,585	(20,824)	(8,239)	0
Accrued Wages	2,876	4,436	7,312	0
Compensated Absences Payable	11,693	18,319	30,012	0
Intergovernmental Payable	(336)	868	532	0
Interfund Payable	16,224	488	16,712	0
Net Pension Liability	(16,692)	(23,716)	(40,408)	0
Deferred Inflows - Pension	(196,734)	(279,571)	(476,305)	0
Deferred Inflows - OPEB	(123,116)	(174,956)	(298,072)	0
Claims Payable	0	0	0	(25,352)
<i>Total Adjustments</i>	<u>(325,528)</u>	<u>(167,457)</u>	<u>(492,985)</u>	<u>0</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>\$199,497</u></u>	<u><u>\$497,606</u></u>	<u><u>\$697,103</u></u>	<u><u>\$0</u></u>

**Noncash Capital Financing Activities**

At December 31, 2021, the City had intergovernmental receivables related to capital contributions of \$6,936,227 in the sewer fund.

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

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

See accompanying notes to the basic financial statements



**City of Girard, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*December 31, 2022*

	Private Purpose Trust	Custodial Fund
	Memorial	Court
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$1,103	\$18,757
Cash and Cash Equivalents in Segregated Accounts	0	54,446
<i>Total Assets</i>	1,103	73,203
<b>Liabilities</b>		
Intergovernmental Payable	0	73,203
<b>Net Position</b>		
Held in Trust for Endowment	\$1,103	\$0

See accompanying notes to the basic financial statements

**City of Girard, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2022*

	Private Purpose Trust	Custodial Fund
	Memorial	Court
<b>Additions</b>		
Fines and Forfeitures for Other Governments	\$0	\$1,021,093
<b>Deductions</b>		
Fines and Forfeitures Distributions to Other Governments	0	1,021,093
Miscellaneous	120	0
<i>Total Deductions</i>	120	1,021,093
<i>Change in Net Position</i>	(120)	0
<i>Net Position Beginning of Year</i>	1,223	0
<i>Net Position End of Year</i>	\$1,103	\$0

See accompanying notes to the basic financial statements

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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**Note 1 – Description of the City and Reporting Entity**

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

***Reporting Entity***

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

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

In 2022, there was one component unit of the City, the Girard Community Improvement Corporation (the “CIC”). The CIC is governed by a Board of Trustees. For financial reporting purposes, the CIC is reported as if it were part of the City’s operations because its purpose is to assist the City in advancing, encouraging and promoting the industrial, economic, commercial and civic development within the City, and the City is able to significantly influence the programs or services performed or provided by the organization. The CIC is presented as a blended component unit with additional information in Note 20. Complete financial statements for the CIC may be obtained from the City’s Finance department.

The Girard City School District has been excluded from the reporting entity because the City is not financially accountable for this organization nor does the City approve the budget, the levying of taxes or the issuance of debt for this organization.

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

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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***Basis of Presentation***

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

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

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

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

***Fund Accounting***

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

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

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

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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

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

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

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

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

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

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

***Fiduciary Funds***

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The City's only trust fund is a private-purpose trust which accounts for the perpetual care and maintenance of specific burial plots in the City's cemetery through an endowment. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The custodial fund is used for expenditures for the amounts collected by the municipal court that are paid to other governments.

***Measurement Focus***

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

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

***Basis of Accounting***

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported in the government-wide statement of net position for pension, OPEB and asset retirement obligations. The

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systematic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 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, local permissive 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 2022, investments were limited to a money market mutual fund reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Investment earnings/interest revenue credited to the general fund during 2022 amount to \$126,838, which includes \$109,761 assigned from other City funds.

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
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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, 2022, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

***Restricted Assets***

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

***Capital Assets***

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

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

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

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

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, 2022*

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The City is reporting intangible right to use assets related to leased equipment. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

***Interfund Balances***

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

***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, financed purchases 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:

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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

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

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or 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 and reimbursements. City Council also assigned fund balance to cover a gap between estimated revenues and appropriations in 2023’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.

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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***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. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Amounts restricted for pension plans represent the restricted asset after considering the related deferred outflows and deferred inflows.

***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.

***Unearned Revenue***

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

***Contributions of Capital***

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

***Estimates***

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

***Budgetary Process***

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

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
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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.

***OneOhio Opioid Settlement Monies***

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Although the settlement has been reached, uncertainties remain related to measurement. As a participating subdivision, the City received the first of eighteen distributions in 2022. This distribution of \$6,042 is reflected as fines, forfeitures and settlements revenue in the OneOhio special revenue fund in the accompanying financial statements.

**Note 3 – Accountability and Compliance**

***Accountability***

The elderly bus fare special revenue fund had a deficit fund balance of \$1,014. This deficit was the result of the recognition of payables in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

***Compliance***

The following funds had expenditures plus encumbrances that exceeded appropriations plus prior year encumbrances, contrary to Ohio Revised Code Section 5705.41(B):

Fund	Appropriations	Expenditures Plus Encumbrances	Variance
<b>General Fund</b>			
Police Hospitalization	\$261,050	\$384,763	(\$123,713)
Fire Hospitalization	60,000	84,343	(24,343)
Fire Operations and Maintenance	290,614	335,005	(44,391)
Municipal Court Judge Salary	44,750	59,826	(15,076)
Municipal Court Employee Salary	402,641	480,857	(78,216)
Municipal Court Hospitalization	100,000	301,851	(201,851)
Municipal Court Pension	56,370	71,171	(14,801)
Municipal Court Operations and Maintenance	71,600	93,165	(21,565)
General Miscellaneous	95,000	111,839	(16,839)
<b>Street Construction, Maintenance and Repair</b>			
Street Construction Vehicle Repairs	42,266	61,507	(19,241)
Street Construction Salt and Slag	23,000	48,784	(25,784)

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
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Fund	Appropriations	Expenditures Plus Encumbrances	Variance
<b>Non-Major Funds</b>			
Condemned Homes Operation and Maintenance	14,000	49,236	(35,236)
Ambulance Hospitalization	1,650,000	1,829,975	(179,975)
Recreation Salaries	37,175	50,222	(13,047)
Recreation Operations and Maintenance	205,740	234,465	(28,725)
Photo Enforcement	225,000	325,655	(100,655)
Senior Levy County Auditor Fees	3,700	85,505	(81,805)
General Bond Principal	362,000	728,253	(366,253)
Agency Reimbursement Fund	0	59,769	(59,769)
Court Computer Fund Operations and Maintenance	20,000	41,993	(21,993)
<b>Water Fund</b>			
Water Operation and Maintenance	1,211,302	1,332,499	(121,197)
<b>Sewer Fund</b>			
Sewer Rental OWDA Loan	520,100	780,150	(260,050)

Although these budgetary violations were not corrected by year end, management has indicated that appropriations and cash will be closely monitored to prevent future violations.

**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 fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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

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

	Net Change in Fund Balances	
	General	Street Construction Maintenance and Repair
GAAP Basis	(\$466,722)	(\$436,145)
Net Adjustment for Revenue Accruals	(155,643)	(148,908)
Perspective Difference:		
Health	(56,092)	0
Recreation	116,544	0
Net Adjustment for Expenditures Accruals	126,889	145,176
Encumbrances	(75,123)	(31,134)
Budget Basis	<u>(\$510,147)</u>	<u>(\$471,011)</u>

**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;

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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

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, 2022, the City's only investment was a money market mutual fund with a fair value, as a level one input, of \$72,217.

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
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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).

***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 - Receivables**

Receivables at December 31, 2022, 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 2022 for real and public utility property taxes represents collections of 2021 taxes.

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

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. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.



**City of Girard, Ohio**  
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The full tax rate for all City operations for the year ended December 31, 2022, was \$13.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2022 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$92,820,260
Other Real Estate	21,525,940
Tangible Personal Property	
Public Utility	6,882,290
Total Assessed Values	\$121,228,490

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, 2022, and for which there was an enforceable legal claim.

In governmental funds, the portion of the receivable not levied to finance 2022 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***Income Taxes***

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

The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 1.91 percent. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. For 2022, the amount allocated to the general fund was 80.00 percent (January through September), 94.70 percent (October) and 97.00 percent (November through December). The amount allocated to the general obligation bond retirement fund was 17.00 percent (January through September), 2.30 percent (October) and 0.00 percent (November through December). The amount allocated to the garbage fund was 3.00 percent (January through December).

***Intergovernmental Receivables***

A summary of intergovernmental receivables follows:

	Amounts
<b>Governmental Activities</b>	
Gasoline and Municipal Cents per Gallon	\$275,853
ASAP Reimbursement Grant	173,391
Homestead and Rollback	91,053
Girard Court 4th Quarter	57,512
Motor Vehicle License Tax	55,093
Girard Court - IDATA	207
Total Governmental Activities	\$653,109

**City of Girard, Ohio**  
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For The Year Ended December 31, 2022

At December 31, 2022, the City had an intergovernmental receivable of \$9,290 in the water enterprise fund for OPWC grants and an intergovernmental receivable of \$6,602,919 in the sewer enterprise fund for debt.

**Note 7 - Fund Balances**

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

Fund Balances	General	Street Construction Maintenance and Repair	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Prepays	\$21,401	\$3,700	\$1,000	\$26,101
Unclaimed Monies	49,941	0	0	49,941
<b><i>Total Nonspendable</i></b>	<b>71,342</b>	<b>3,700</b>	<b>1,000</b>	<b>76,042</b>
<b><i>Restricted for</i></b>				
General Government	0	0	53,098	53,098
Public Safety	3,322	0	20,369	23,691
Police Pension	0	0	46,732	46,732
Fire Pension	0	0	76,275	76,275
Senior Activities	0	0	8,549	8,549
Street Maintenance	0	1,215,485	132,595	1,348,080
Garbage Disposal	0	0	284,402	284,402
Landfill	5	0	0	5
Public Health and Welfare	0	0	118,762	118,762
Community Development	0	0	249,165	249,165
Opioid Settlement	0	0	6,042	6,042
Debt Service	0	0	81	81
Capital Improvements	0	0	591,444	591,444
<b><i>Total Restricted</i></b>	<b>3,327</b>	<b>1,215,485</b>	<b>1,587,514</b>	<b>2,806,326</b>
<b><i>Assigned to</i></b>				
2023 Operations	393,815	0	0	393,815
Purchases on Order:				
General Government	4,628	0	0	4,628
Security of Persons and Property	12,037	0	0	12,037
Recreation	55,702	0	0	55,702
Health	89,441	0	0	89,441
Reimbursements	42,805	0	0	42,805
<b><i>Total Assigned</i></b>	<b>598,428</b>	<b>0</b>	<b>0</b>	<b>598,428</b>
<b><i>Unassigned</i></b>	<b>638,011</b>	<b>0</b>	<b>(1,014)</b>	<b>636,997</b>
<b><i>Total Fund Balances</i></b>	<b>\$1,311,108</b>	<b>\$1,219,185</b>	<b>\$1,587,500</b>	<b>\$4,117,793</b>

**City of Girard, Ohio**  
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**Note 8 – Employee Benefits**

***Compensated Absences***

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

***Deferred Compensation***

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

**Note 9 - Contingencies**

***Litigation***

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

***Grants***

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2022.

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

**Note 10 - Capital Assets**

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Additions	Deductions	Balance 12/31/2022
<b>Business Type Activities:</b>				
<i>Capital Assets not being Depreciated:</i>				
Land	\$4,387,169	\$0	\$0	\$4,387,169
<i>Capital Assets being Depreciated:</i>				
Buildings	28,741,368	0	0	28,741,368
Building Improvements	3,551,375	0	0	3,551,375
Furniture and Equipment	2,106,952	14,247	0	2,121,199
**Intangible Right to Use - Equipment	11,584	0	0	11,584
Vehicles	838,072	0	0	838,072
Infrastructure	1,578,824	981,174	0	2,559,998
Total Capital Assets being Depreciated	36,828,175	995,421	0	37,823,596
<i>Less Accumulated Depreciation/Amortization:</i>				
Buildings	(2,903,810)	(314,115)	0	(3,217,925)
Building Improvements	(2,941,534)	(58,675)	0	(3,000,209)
Furniture and Equipment	(933,735)	(61,476)	0	(995,211)
**Intangible Right to Use - Equipment	0	(2,830)	0	(2,830)
Vehicles	(384,785)	(37,890)	0	(422,675)
Infrastructure	(877,963)	(51,200)	0	(929,163)
Total Accumulated Depreciation/Amortization	(8,041,827)	(526,186)	0	(8,568,013)
Total Capital Assets being Depreciated, Net	28,786,348	469,235	0	29,255,583
Business Type Activities Capital Assets, Net	\$33,173,517	\$469,235	\$0	\$33,642,752

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2022

Governmental Activities	Balance 12/31/2021	Additions	Deductions	Balance 12/31/2022
<b>Capital Assets not being Depreciated:</b>				
Land	\$1,114,360	\$0	\$0	\$1,114,360
<b>Capital Assets being Depreciated:</b>				
Buildings	9,198,766	0	0	9,198,766
Building Improvements	565,266	144,250	(3,800)	705,716
Furniture and Equipment	1,606,123	166,754	(46,155)	1,726,722
**Intangible Right to Use - Equipment	22,350	0	0	22,350
Vehicles	3,413,425	375,396	(22,033)	3,766,788
Infrastructure:				
Streets	53,084,964	1,077,061	(807,796)	53,354,229
Sidewalks	12,916,919	0	0	12,916,919
Curbs	2,038,640	0	0	2,038,640
<b>Total Capital Assets being Depreciated</b>	<b>82,846,453</b>	<b>1,763,461</b>	<b>(879,784)</b>	<b>83,730,130</b>
<b>Less Accumulated Depreciation/Amortization:</b>				
Buildings	(3,013,011)	(82,702)	0	(3,095,713)
Building Improvements	(170,574)	(29,820)	3,800	(196,594)
Furniture and Equipment	(1,252,009)	(51,258)	46,155	(1,257,112)
**Intangible Right to Use - Equipment	0	(5,459)	0	(5,459)
Vehicles	(1,632,143)	(238,516)	14,689	(1,855,970)
Infrastructure:				
Streets	(46,245,813)	(1,067,085)	727,016	(46,585,882)
Sidewalks	(11,549,033)	(258,338)	0	(11,807,371)
Curbs	(1,834,776)	(40,773)	0	(1,875,549)
<b>Total Accumulated Depreciation/Amortization</b>	<b>(65,697,359)</b>	<b>(1,773,951) *</b>	<b>791,660</b>	<b>(66,679,650)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>17,149,094</b>	<b>(10,490)</b>	<b>(88,124)</b>	<b>17,050,480</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$18,263,454</b>	<b>(\$10,490)</b>	<b>(\$88,124)</b>	<b>\$18,164,840</b>

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

General Government	\$96,360
Security of Persons and Property	219,849
Public Health Services	3,719
Transportation	1,136,809
Community Development	299,111
Basic Utility Services	7,863
Leisure Time Activities	10,240
<b>Total Depreciation/Amortization Expense</b>	<b>\$1,773,951</b>

\*\* Of the current year depreciation/amortization total of \$1,773,951, \$774 is presented as general government, \$4,019 is presented as security of person and property, and \$666 is presented as public health services expense on the Statement of Activities related to the City's intangible asset of a copier machine, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

**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
<b>Business-Type Activities:</b>			
<i>Ohio Water Development Authority Loans from Direct Borrowings</i>			
WWTF Peak Flow Treatment	0.40%	\$21,736,230	2051
<b>Governmental Activities:</b>			
Various Purpose Bonds, Series 2016	2.71	2,276,507	2022
Police and Fire Pension	4.25	377,328	2035

A schedule of changes in bonds and other long-term obligations of the City during 2022 follows:

	Amount Outstanding 12/31/2021	Additions	Deletions	Amount Outstanding 12/31/2022	Amounts Due In One Year
<b>Business-Type Activities:</b>					
<i>Ohio Water Development Authority Loan from Direct Borrowings</i>					
WWTF Peak Flow Treatment	\$21,394,900	\$0	(\$684,711)	\$20,710,189	\$687,452
Net Pension Liability - OPERS:					
Water	497,648	0	(207,172)	290,476	0
Sewer	707,184	0	(294,400)	412,784	0
Total Net Pension Liability	1,204,832	0	(501,572)	703,260	0
Compensated Absences	239,266	125,227	(95,215)	269,278	104,138
Lease Payable	11,584	0	(2,830)	8,754	2,916
Asset Retirement Obligation	1,000,000	0	0	1,000,000	0
Total Other Long-Term Obligations	1,250,850	125,227	(98,045)	1,278,032	107,054
<i>Total Business-Type Activities Obligations</i>	<u>\$23,850,582</u>	<u>\$125,227</u>	<u>(\$1,284,328)</u>	<u>\$22,691,481</u>	<u>\$794,506</u>
<b>Governmental Activities Obligations:</b>					
Net Pension Liability:					
OPERS	\$1,414,375	\$0	(\$588,800)	\$825,575	\$0
OP&F	5,429,862	0	(660,980)	4,768,882	0
Total Net Pension Liability	6,844,237	0	(1,249,780)	5,594,457	0
Net OPEB Liability:					
OP&F	843,912	0	(7,230)	836,682	0
Various Purpose Bonds, Series 2016	728,253	0	(728,253)	0	0
Lease Payable	22,350	0	(5,459)	16,891	5,626
Financed Purchases from Direct Borrowings	183,810	0	(43,324)	140,486	45,031
Compensated Absences	768,591	266,156	(311,517)	723,230	304,260
Police and Fire Pension	174,208	0	(9,908)	164,300	10,305
<i>Total Governmental Activities Obligations</i>	<u>\$9,565,361</u>	<u>\$266,156</u>	<u>(\$2,355,471)</u>	<u>\$7,476,046</u>	<u>\$365,222</u>

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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The OWDA loan payable will be paid from sewer enterprise fund user service charges. Financed purchases payable will be paid from the capital improvement fund. The City pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences will be paid from the following funds: the general fund, the street construction maintenance and repair special revenue fund and the water and sewer enterprise funds. The asset retirement obligation would be paid from the sewer fund. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the following funds: general fund, 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 June 28, 2016, the City issued \$2,276,507 in various purpose improvement bonds for the justice center and street widening project. The original interest rate on the bonds was 3.73 percent. In 2021, the bank approved an extension of the original debt at an interest rate of 2.71 percent. The bonds were paid off in 2022.

The City's outstanding OWDA loan from direct borrowings of \$20,710,189 related to business-type activities contain provisions that in an event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

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

The City has pledged future revenues, net of operating expenses, to repay an OWDA loan in the sewer fund. The debt is payable solely from net revenues and is payable through 2051. Principal and interest paid for the current year and total net revenues were \$769,606 and \$1,087,839, respectively.

The City's overall legal debt margin was \$12,729,072 at December 31, 2022. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2022, are as follows:

Governmental Activities:

	<u>Police and Fire Pension</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$10,305	\$6,868
2024	10,707	6,466
2025	11,111	6,062
2026	11,515	5,658
2027	11,915	5,258
2028-2032	65,326	20,539
2033-2035	43,421	8,096
Total	<u>\$164,300</u>	<u>\$58,947</u>

**City of Girard, Ohio**  
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Business-Type Activities:

	OWDA Loans	
	from Direct Borrowings	
	Principal	Interest
2023	\$687,452	\$82,154
2024	690,205	79,401
2025	692,968	76,638
2026	695,743	73,863
2027	698,529	71,078
2028-2032	3,534,822	313,209
2033-2037	3,606,158	241,872
2038-2042	3,678,934	169,096
2043-2047	3,753,177	94,854
2048-2051	2,672,201	21,420
<b>Total</b>	<b>\$20,710,189</b>	<b>\$1,223,585</b>

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

Principal and interest requirements to retire financed purchases outstanding at December 31, 2022, are as follows:

Year	<i>From Direct Borrowings</i>	
	Financed Purchases	
	Principal	Interest
2023	\$45,031	\$5,535
2024	46,805	3,761
2025	48,650	1,917
<b>Total</b>	<b>\$140,486</b>	<b>\$11,213</b>

The City has outstanding agreements to lease copiers. Due to the implementation of GASB Statement 87, these copier leases have met the criteria of leases thus requiring them to be recorded by the City. The future lease payments were discounted based on the interest rate implicit in the lease or using the City's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$5,626	\$430	\$2,916	\$223
2024	5,797	259	3,004	134
2025	5,468	82	2,834	43
	<b>\$16,891</b>	<b>\$771</b>	<b>\$8,754</b>	<b>\$400</b>



**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
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**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 2022, 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	26,826,264
Inland Marine	2,124,487
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 \$50,000 per individual and \$1,600,000 for the City as a whole. Incurred but not reported claims of \$74,945 have been accrued as a liability based on a review of January 2023 billings provided by the City Auditor's Office.

The claims liability of \$74,945 reported in the internal service fund at December 31, 2022 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 2021 and 2022 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2021	\$148,866	\$1,118,636	\$1,167,205	\$100,297
2022	100,297	1,532,247	1,557,599	74,945

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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***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 (Asset)***

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB 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.

**City of Girard, Ohio**  
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**Plan Description – Ohio Public Employees Retirement System (OPERS)**

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member’s pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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

Effective January 1, 2022, the Combined Plan is no longer available for member selection. Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2022 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2022 Actual Contribution Rates</b>	
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.

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2022, the City's contractually required contribution was \$388,049 for the traditional plan, \$5,061 for the combined plan and \$0 for the member-directed plan. Of these amounts, \$38,744 is reported as an intergovernmental payable for the traditional plan, \$506 for the combined plan, and \$0 for the member-directed plan.

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

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](http://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.

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

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

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

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

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

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

	Police	Firefighters
<b>2022 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2022 Actual Contribution Rates</b>		
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 \$442,062 for 2022. Of this amount, \$42,040 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2022, the specific liability of the City was \$164,300 payable in semi-annual payments through the year 2035.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2021, 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, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. 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:

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	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.017572%	0.007096%	0.0763336%	
Prior Measurement Date	0.017688%	0.006945%	0.0796507%	
Change in Proportionate Share	<u>-0.000116%</u>	<u>0.000151%</u>	<u>-0.0033171%</u>	
Proportionate Share of the:				
Net Pension Liability	\$1,528,835		\$4,768,882	\$6,297,717
Net Pension Asset	0	(27,960)	0	(27,960)
Pension Expense	(243,716)	(1,583)	147,580	(97,719)

2022 pension expense for the member-directed defined contribution plan was \$0. The aggregate pension expense for all pension plans was (\$97,719) for 2022.

At December 31, 2022, 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
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$77,938	\$173	\$137,507	\$215,618
Changes of assumptions	191,179	1,405	871,547	1,064,131
Changes in proportion and differences between City contributions and proportionate share of contributions	7,278	0	272,177	279,455
City contributions subsequent to the measurement date	<u>388,049</u>	<u>5,061</u>	<u>442,062</u>	<u>835,172</u>
Total Deferred Outflows of Resources	<u>\$664,444</u>	<u>\$6,639</u>	<u>\$1,723,293</u>	<u>\$2,394,376</u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$33,531	\$3,127	\$247,917	\$284,575
Net difference between projected and actual earnings on pension plan investments	1,818,494	5,994	1,250,327	3,074,815
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>14,354</u>	<u>2,745</u>	<u>695,254</u>	<u>712,353</u>
Total Deferred Inflows of Resources	<u>\$1,866,379</u>	<u>\$11,866</u>	<u>\$2,193,498</u>	<u>\$4,071,743</u>

\$835,172 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 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
2023	(\$243,476)	(\$2,384)	(\$200,457)	(\$446,317)
2024	(629,627)	(3,090)	(475,775)	(1,108,492)
2025	(427,601)	(2,215)	(180,486)	(610,302)
2026	(289,280)	(1,782)	(125,237)	(416,299)
2027	0	(529)	69,688	69,159
Thereafter	0	(288)	0	(288)
Total	<u>(\$1,589,984)</u>	<u>(\$10,288)</u>	<u>(\$912,267)</u>	<u>(\$2,512,539)</u>

***Actuarial Assumptions – OPERS***

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

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, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age



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Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
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	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

For 2020, 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 the above-described tables.

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

During 2021, 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 15.3 percent for 2021.

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

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determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
<b>Total</b>	<b>100.00%</b>	<b>4.21%</b>

**Discount Rate** The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$4,030,841	\$1,528,835	(\$553,167)
OPERS Combined Plan	(20,862)	(27,960)	(33,493)

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions

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about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2021, are presented below.

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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

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 Buck 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 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

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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, 2021, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	<u>125.00 %</u>	

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 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** For 2021, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$7,072,185	\$4,768,882	\$2,850,799

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**Note 14 - Defined Benefit OPEB Plans**

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS

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meets. the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report 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.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, 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. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2022. Of this amount, \$0 is reported as an intergovernmental payable.

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

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

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly

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reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$10,497 for 2022. Of this amount, \$1,004 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 (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, 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, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability (asset) 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:

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	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Asset/Liability:			
Current Measurement Date	0.016562%	0.0763336%	
Prior Measurement Date	<u>0.016675%</u>	<u>0.0796507%</u>	
Change in Proportionate Share	<u>-0.000113%</u>	<u>-0.0033171%</u>	
Proportionate Share of the:			
Net OPEB (Asset)	(\$518,746)	\$0	(\$518,746)
Net OPEB Liability	\$0	\$836,682	\$836,682
OPEB Expense	(\$432,434)	(\$2,134)	(\$434,568)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$38,062	\$38,062
Changes of assumptions	0	370,341	370,341
Changes in proportion and differences between City contributions and proportionate share of contributions	4,846	263,538	268,384
City contributions subsequent to the measurement date	<u>0</u>	<u>10,497</u>	<u>10,497</u>
Total Deferred Outflows of Resources	<u>\$4,846</u>	<u>\$682,438</u>	<u>\$687,284</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$78,686	\$110,579	\$189,265
Changes of assumptions	209,983	97,176	307,159
Net difference between projected and actual earnings on OPEB plan investments	247,302	75,580	322,882
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>1,900</u>	<u>460,841</u>	<u>462,741</u>
Total Deferred Inflows of Resources	<u>\$537,871</u>	<u>\$744,176</u>	<u>\$1,282,047</u>

\$10,497 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 or an increase to the net OPEB asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:



**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

Year Ending December 31:	OPERS	OP&F	Total
2023	(\$327,870)	(\$36,120)	(\$363,990)
2024	(115,605)	(47,341)	(162,946)
2025	(54,033)	(20,497)	(74,530)
2026	(35,517)	4,370	(31,147)
2027	0	13,485	13,485
Thereafter	0	13,868	13,868
Total	<u>(\$533,025)</u>	<u>(\$72,235)</u>	<u>(\$605,260)</u>

**Actuarial Assumptions – OPERS**

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent, ultimate in 2034	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

For 2020, 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, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00%	3.45%

**Discount Rate** A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. 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

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
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OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

***Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate*** The following table presents the City’s proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	(\$305,072)	(\$518,746)	(\$696,101)

***Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) 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 (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$524,353)	(\$518,746)	(\$512,097)

***Actuarial Assumptions – OP&F***

OP&F’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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 as follows:

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	2.84 percent
Prior measurement date	2.96 percent
Cost of Living Adjustments	2.2 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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

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

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

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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

**Discount Rate** For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021, and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.5 percent for 2021 and 8 percent for 2020, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, 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 (asset) calculated using the discount rate of 2.84 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 (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability (asset)	\$1,051,728	\$836,682	\$659,914

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

**Note 15 - Interfund Balances**

Interfund balances at December 31, 2022, consisted of the following:

Interfund Payable	Interfund Receivable
	Internal Service
<i>Governmental Funds</i>	
General	\$25,602
Street Construction, Maintenance and Repair	4,708
Other Governmental Funds	11,896
<i>Total Governmental Funds</i>	42,206
<i>Enterprise Funds</i>	
Water	23,275
Sewer	9,464
<i>Total Enterprise Funds</i>	32,739
<i>Totals</i>	\$74,945

Interfund receivables/payables of \$74,945 between the internal service fund and the various governmental and enterprise funds are due to the City moving monies to pay claims when funds are needed rather than when claims are incurred.

**Note 16 - Jointly Governed Organizations**

***Eastgate Regional Council of Governments***

The Eastgate Regional Council of Governments (ERCG) is a jointly governed organization that is committed to fostering cooperative regional efforts in the planning, programming and implementation of public sector activities. ERCG has forty-eight participating members. These include representatives from Trumbull County and Mahoning County, township trustees and officials from participating cities and villages. The operation of ERCG is controlled by a general policy board which consists of a representative from each participant. Each member's degree of control is limited to its representation on the board. Funding comes from each of the participants. In 2022, the City contributed \$5,521 to the Eastgate Regional Council of Governments. For more information contact John R. Getchey, executive director, at 5121 Mahoning Avenue, Youngstown, Ohio 44515.

***Regional Income Tax Agency***

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of the collection of income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2021 (the latest information available), the City paid RITA \$66,139 for income tax collection services.

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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**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:

<b><i>Governmental Funds:</i></b>		<b><i>Proprietary Funds:</i></b>	
General	\$75,123	Water fund	\$14,733
Street Construction, Maintenance and Repair	31,134	Sewer fund	52,519
Other Governmental Funds	27,155	Total Proprietary	<u>\$67,252</u>
Total Governmental	<u>\$133,412</u>		

**Note 18 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**Note 19 – Asset Retirement Obligations**

The Governmental Accounting Standard Board’s (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. State and/or federal laws and regulations require the City to go through a decommissioning process if their waste water treatment facilities were to close. Through this decommissioning process, the City would be responsible to remediate any public safety issues associated with their waste water treatment facilities. These assets retirement obligations (ARO) of \$1,000,000 associated with the City waste water treatment facilities were estimated by the City engineer. The remaining useful life of these facilities are 85 years.

**Note 20 – Change in Accounting Principle**

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*. The City also implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, and *Implementation Guide No. 2020-1*.

**City of Girard, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2022*

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GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements. The City recognized \$22,350 and \$11,584 in leases payable in governmental and business-type activities, respectively, at January 1, 2022 which was offset by the intangible asset, right to use lease - equipment.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB 92 addresses a variety of topics including reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers and references to nonrecurring fair value measurements of assets or liabilities in authoritative literature. These changes did not impact the City's financial statements.

GASB 97, among other items, requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan.

The changes for GASB 87, GASB 91 and GASB 97 were incorporated in the City's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 21 – Girard Community Improvement Corporation**

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

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

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

At December 31, 2022, the carrying amount of the CIC's cash in money market savings accounts was \$72,217. Cash balances for these accounts per the bank were \$72,217. All of the CIC's deposits were insured by Federal depository insurance. The CIC is exempt from federal income tax under Section 501 (c) (6) of the Internal Revenue Code.



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## Required Supplementary Information

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**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 Nine Years (1)*

	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.017572%	0.017688%	0.017531%	0.017351%
City's Proportionate Share of the Net Pension Liability	\$1,528,835	\$2,619,207	\$3,465,121	\$4,752,086
City's Covered Payroll	\$2,550,293	\$2,491,250	\$2,466,636	\$2,343,529
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.95%	105.14%	140.48%	202.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%

(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.

2018	2017	2016	2015	2014
0.017465%	0.018827%	0.020190%	0.020400%	0.020400%
\$2,739,921	\$4,275,293	\$3,497,164	\$2,460,467	\$2,404,894
\$2,307,954	\$2,433,767	\$2,512,833	\$2,500,917	\$2,561,854
118.72%	175.67%	139.17%	98.38%	93.87%
84.66%	77.25%	81.08%	86.45%	86.36%

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

	2022	2021	2020	2019	2018
City's Proportion of the Net Pension Asset	0.007096%	0.006945%	0.006798%	0.006555%	0.004602%
City's Proportionate Share of the Net Pension Asset	\$27,960	\$20,047	\$14,176	\$7,329	\$6,264
City's Covered Payroll	\$32,350	\$30,607	\$30,264	\$28,036	\$18,846
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-86.43%	-65.50%	-46.84%	-26.14%	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	169.88%	157.67%	145.28%	126.64%	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.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's Proportion of the Net OPEB (Asset) Liability	0.016562%	0.016675%	0.016527%
City's Proportionate Share of the Net OPEB (Asset) Liability	(\$518,746)	(\$297,079)	\$2,282,808
City's Covered Payroll	\$2,582,643	\$2,521,857	\$2,496,900
City's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-20.09%	-11.78%	91.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	47.80%

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

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

See accompanying notes to the required supplementary information.

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2019	2018	2017
0.016350%	0.016430%	0.017610%
\$2,131,655	\$1,784,177	\$1,778,670
\$2,371,565	\$2,326,800	\$2,433,767
89.88%	76.68%	73.08%
46.33%	54.14%	54.04%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's Proportion of the Net Pension Liability	0.0763336%	0.0796507%	0.0768955%	0.0850690%
City's Proportionate Share of the Net Pension Liability	\$4,768,882	\$5,429,862	\$5,180,092	\$6,943,878
City's Covered Payroll	\$1,962,037	\$2,126,787	\$1,814,274	\$1,769,648
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	243.06%	255.31%	285.52%	392.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%	63.07%

(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.



2018	2017	2016	2015	2014
0.0740360%	0.0973150%	0.0964910%	0.0852964%	0.0852964%
\$4,543,924	\$6,163,835	\$6,207,333	\$4,418,709	\$4,154,202
\$1,841,298	\$1,788,048	\$1,819,362	\$1,681,335	\$1,570,617
246.78%	344.72%	341.18%	262.81%	264.49%
70.91%	68.36%	66.77%	71.71%	73.00%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's Proportion of the Net OPEB Liability	0.0763336%	0.0796507%	0.0768955%
City's Proportionate Share of the Net OPEB Liability	\$836,682	\$843,912	\$759,553
City's Covered Payroll	\$1,962,037	\$2,126,787	\$1,814,274
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.64%	39.68%	41.87%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.90%	45.40%	47.08%

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

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

See accompanying notes to the required supplementary information.

2019	2018	2017
0.0850690%	0.0740360%	0.0973150%
\$774,684	\$4,194,775	\$4,619,324
\$1,769,648	\$1,841,298	\$1,788,048
43.78%	227.82%	258.34%
46.57%	14.13%	15.96%

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

	2022	2021	2020	2019
<b>Net Pension Liability - Traditional Plan</b>				
Contractually Required Contribution	\$388,049	\$357,041	\$348,775	\$345,329
Contributions in Relation to the Contractually Required Contribution	<u>(388,049)</u>	<u>(357,041)</u>	<u>(348,775)</u>	<u>(345,329)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$2,771,779	\$2,550,293	\$2,491,250	\$2,466,636
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net Pension Liability - Combined Plan</b>				
Contractually Required Contribution	\$5,061	\$4,529	\$4,285	\$4,237
Contributions in Relation to the Contractually Required Contribution	<u>(5,061)</u>	<u>(4,529)</u>	<u>(4,285)</u>	<u>(4,237)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$36,150	\$32,350	\$30,607	\$30,264
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability - OPEB Plan (1)</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (2)	\$2,807,929	\$2,582,643	\$2,521,857	\$2,496,900
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

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

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
\$328,094	\$300,034	\$292,052	\$301,540	\$300,110	\$333,041
<u>(328,094)</u>	<u>(300,034)</u>	<u>(292,052)</u>	<u>(301,540)</u>	<u>(300,110)</u>	<u>(333,041)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,343,529	\$2,307,954	\$2,433,767	\$2,512,833	\$2,500,917	\$2,561,854
<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$3,925	\$2,450	\$0	\$0	\$0	\$0
<u>(3,925)</u>	<u>(2,450)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$28,036	\$18,846	\$0	\$0	\$0	\$0
<u>14.00%</u>	<u>13.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
\$0	\$23,268	\$48,675			
<u>0</u>	<u>(23,268)</u>	<u>(48,675)</u>			
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			
\$2,371,565	\$2,326,800	\$2,433,767			
<u>0.00%</u>	<u>1.00%</u>	<u>2.00%</u>			

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

	2022	2021	2020	2019
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$442,062	\$411,864	\$447,109	\$382,528
Contributions in Relation to the Contractually Required Contribution	<u>(442,062)</u>	<u>(411,864)</u>	<u>(447,109)</u>	<u>(382,528)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$2,099,317	\$1,962,037	\$2,126,787	\$1,814,274
Pension Contributions as a Percentage of Covered Payroll	<u>21.06%</u>	<u>20.99%</u>	<u>21.02%</u>	<u>21.08%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$10,497	\$9,810	\$10,634	\$9,072
Contributions in Relation to the Contractually Required Contribution	<u>(10,497)</u>	<u>(9,810)</u>	<u>(10,634)</u>	<u>(9,072)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.56%</u>	<u>21.49%</u>	<u>21.52%</u>	<u>21.58%</u>

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

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
\$377,080	\$392,373	\$378,607	\$384,612	\$356,960	\$279,541
<u>(377,080)</u>	<u>(392,373)</u>	<u>(378,607)</u>	<u>(384,612)</u>	<u>(356,960)</u>	<u>(279,541)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,769,648	\$1,841,298	\$1,788,048	\$1,819,362	\$1,681,335	\$1,570,617
<u>21.31%</u>	<u>21.31%</u>	<u>21.17%</u>	<u>21.14%</u>	<u>21.23%</u>	<u>17.80%</u>
\$8,849	\$9,206	\$8,940	\$9,097	\$8,406	\$56,804
<u>(8,849)</u>	<u>(9,206)</u>	<u>(8,940)</u>	<u>(9,097)</u>	<u>(8,406)</u>	<u>(56,804)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>3.62%</u>
<u>21.81%</u>	<u>21.81%</u>	<u>21.67%</u>	<u>21.64%</u>	<u>21.73%</u>	<u>21.42%</u>

**City of Girard, Ohio**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2022**

**Changes in Assumptions – OPERS Pension– Traditional Plan**

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

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

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

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple 5.50 to 5.00 percent

Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

Amounts reported beginning in 2017 use 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



**City of Girard, Ohio**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2022**

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.

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

**Changes in Assumptions – OPERS Pension – Combined Plan**

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

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

**Changes in Assumptions – OP&F Pension**

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

**City of Girard, Ohio**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2022**

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

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

Amounts reported beginning in 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 Buck/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 beginning in 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 Buck/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, 2022**

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**Changes in Assumptions – OPERS OPEB**

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

**Changes in Assumptions – OP&F OPEB**

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

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

**City of Girard, Ohio**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2022**

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**Changes in Benefit Terms – OPERS OPEB**

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

**Changes in Benefit Terms – OP&F OPEB**

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

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

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

To the Members of City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Girard, Trumbull County, Ohio, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 27, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We identified certain deficiencies in the accompanying Schedule of Findings and Responses that we considered material weaknesses as items **2022-002, 2022-003 and 2022-004**.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified a certain deficiency in the accompanying Schedule of Findings and Responses that we considered a significant deficiency as item **2022-005**.

### **Compliance and Other Matters**

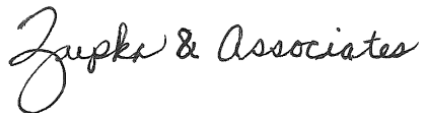
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Responses as items **2022-001 and 2022-004**.

### **City's Response to the Findings**

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

### **Purpose of This Report**

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



Zupka & Associates  
Certified Public Accountants

July 27, 2023

**CITY OF GIRARD  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2022**

**Finding No. 2022-001 - Material Non-Compliance - Expenditures Exceeding Appropriations**

Statement of Condition/Criteria

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

Cause/Effect

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

Fund	Appropriations	Expenditures Plus Encumbrances	Variance
<b>General</b>			
Police Hospitalization	\$ 261,050	\$ 384,763	\$ (123,713)
Fire Hospitalization	60,000	84,343	(24,343)
Fire Operations and Maintenance	290,614	335,005	(44,391)
Municipal Court Judge Salary	44,750	59,826	(15,076)
Municipal Court Employee Salary	402,641	480,857	(78,216)
Municipal Court Hospitalization	100,000	301,851	(201,851)
Municipal Court Pension	56,370	71,171	(14,801)
Municipal Court Operations and Maintenance	71,600	93,165	(21,565)
General Miscellaneous	95,000	111,839	(16,839)
<b>Street Construction, Maintenance and Repair</b>			
Street Construction Vehicle Repairs	42,266	61,507	(19,241)
Street Construction Salt and Slag	23,000	48,784	(25,784)
<b>Non-Major Funds</b>			
Condemned Homes Operation and Maintenance	14,000	49,236	(35,236)
Ambulance Hospitalization	1,650,000	1,829,975	(179,975)
Recreation Salaries	37,175	50,222	(13,047)
Recreation Operation and Maintenance	205,740	234,465	(28,725)
Photo Enforcement	225,000	325,655	(100,655)
Senior Levy County Auditor Fees	3,700	85,505	(81,805)
General Bond Principal	362,000	728,253	(366,253)
Agency Reimbursement Fund	0	59,769	(59,769)
Court Computer Fund Operations and Maintenance	20,000	41,993	(21,993)
<b>Water</b>			
Water Operation and Maintenance	1,211,302	1,332,499	(121,197)
<b>Sewer</b>			
Sewer Rental OWDA Loan	520,100	780,150	(260,050)

In addition to the violation outlined above, there were several others below the scope of our audit of \$10,000. These violations were found in the General Fund, Street Construction, Maintenance and Repair Fund, Law Enforcement Drug Fund, Recreation Fund, DEA Fund, Rental Inspection Fund, Fire Levy Fund, Water Fund, Sewer Rental Fund, and Cemetery Fund.

Recommendation

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

City's Response

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

**CITY OF GIRARD  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2022  
(CONTINUED)**

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**Finding Number 2022-002 - Material Weakness – Utility Accounts Receivable**

Condition/Criteria

Government Accounting Standards Board (GASB) Statement No. 34, Footnote 41, requires that revenues 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, in part, 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, 2022. Based on audit of utilities accounts receivable, the City collected approximately 56 percent of accounts receivable in the beginning of 2023.

Cause/Effect

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

Recommendations

We recommend that the City 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 determine an estimated uncollectable amount.

City's Response

The City will review and implement the recommendation.



**CITY OF GIRARD  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2022  
(CONTINUED)**

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**Finding Number 2022-003 - Material Weakness – Purchasing**

Condition/Criteria

During our testing of the City's purchasing procedures, we noted the following:

- The City does not have a formal Purchasing Policy.
- 9 out of 40 transactions tested did not have a purchase order. These purchases included services performed and refunds for overpayments.
- 12 out of 40 transactions tested had a purchase order dated after the invoice. No then-and-now certificate was issued for these purchases.

Cause/Effect

Lack of controls over the purchasing process can cause the City to make improper purchases and lead to misstatements on the financial statements or non-compliance with local or state laws.

Recommendation

We recommend that the City develop a formal purchasing policy, which should include the types of purchases that require purchase orders. We also recommend that the City issue new purchase orders when vendors change. In addition, we recommend the City make purchases only after a purchase order has been approved, or issue a then-and-now certificate.

City's Response

The City will develop a formal purchasing policy.

**CITY OF GIRARD  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2022  
(CONTINUED)**

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**Finding Number 2022-004 - Material Non-Compliance and Weakness – Contracts**

Condition/Criteria

The City does not follow its own internal requirement that all contracts over \$25,000 should be bid.

In 2021, the City's garbage contract paid the garbage vendor over \$479,080. This contract was not bid, was not approved by City Council or the City Board of Control, and the contract was not signed by the City's Law Director. The contract was renewed by and signed by the Service Director and extended for the 2022 calendar year.

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

- Ohio Revised Code Section 735.05 provides expenditures exceeding \$50,000 shall first be authorized and directed by ordinance of the City's legislative authority. When 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 2 nor more than 4 consecutive weeks in a newspaper of general circulation within the City.
- Ohio Revised Code Section 732.22 indicates no contract in the Department of Public Service in excess of \$5,000 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 Revised Code Section 705.11 provides no contract with the municipal corporation shall take effect until the approval of the City Director of Law is endorsed thereon.

The City does not have controls to prevent or detect non-compliance.

Cause/Effect

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

Recommendation

We recommend that the City implement controls to ensure all expenditures over \$25,000 are put out for bid, all contracts are formally approved, and contracts are properly signed. We also recommend that the City maintain all documents pertaining to the bidding process for contracts entered into by the City.

City's Response

The City will review and implement the recommendations.

**CITY OF GIRARD  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2022  
(CONTINUED)**

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**Finding Number 2022-005 – Significant Deficiency – SOC-1 Reports**

Condition/Criteria

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

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

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

Cause/Effect

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

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

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

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

**CITY OF GIRARD  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2022  
(CONTINUED)**

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**Finding Number 2022-005 – Significant Deficiency – SOC-1 Reports** (Continued)

Recommendation

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

City's Response

The City will review and implement the recommendations.

**CITY OF GIRARD  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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The prior issued audit report, as of December 31, 2021, included material non-compliance, material weaknesses, and significant deficiencies.

<u>Number</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2021-001	Expenditures Exceeding Appropriations	Not Corrected	Repeated as Finding 2022-001
2021-002	Utility Accounts Receivable	Not Corrected	Repeated as Finding 2022-002
2021-003	Purchasing	Not Corrected	Repeated as Finding 2022-003
2021-004	Contracts	Not Corrected	Repeated as Finding 2022-004
2021-005	SOC-1 Reports	Not Corrected	Repeated as Finding 2022-005

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

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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF GIRARD**

**TRUMBULL COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/17/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)