

City of Ironton

Lawrence County, Ohio

Single Audit

January 1, 2012 through December 31, 2012

Fiscal Year Audited Under GAGAS: 2012



Caudill & Associates, CPA

P.O. Box 751, South Shore, KY 41175



Dave Yost • Auditor of State

City Council
City of Ironton
301 South Third Street
P.O. Box 704
Ironton, Ohio 45638

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

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

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

Dave Yost
Auditor of State

February 24, 2015

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CITY OF IRONTON, OHIO

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Caudill & Associates, CPA

P.O. Box 751, South Shore, KY 41175

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INDEPENDENT AUDITOR'S REPORT

City of Ironton
Lawrence County
301 South Third Street
P.O. Box 704
Ironton, Ohio 45638

To the City Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Basis for Qualified Opinion on the Statement of Net Position for Governmental Type and Business Type Activities, Water Fund, Sewer Fund, Sanitation Fund and Storm Water Fund.

The City did not attempt to update capital assets on their current financial statements. They showed no change from the prior year and as noted in the prior year, we were not able to obtain adequate support for the amounts reported as the City's capital assets and net investment in capital assets in the Statement of Net Position for Governmental Type and Business Type Activities, Water Fund, Sewer Fund, Sanitation Fund, and Storm Water Fund. The capital assets and net investment in capital assets, of the City of Ironton were not audited as part of our audit of the City's basic financial statements. The capital asset activities are included in the City's basic financial statements and represent eighty-six percent of the City's total assets in the Governmental Type Activities, sixty-nine percent of the City's total assets in the Business Type Activities, ninety-seven percent in the Water Fund, sixty-seven percent in the Sewer Fund, nineteen percent in the Sanitation Fund, and six percent in the Storm Water Fund.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion on the Statement of Net Position for Governmental Type and Business Type Activities, Water Fund, Sewer Fund, Sanitation Fund and Storm Water Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the net position of the City of Ironton, Lawrence County, Ohio (the City), as of and for the year ended December 31, 2012, and the respective changes in financial position and its cash flow thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the discretely presented component unit, each major fund other than the Water, Sewer, Sanitation, and Storm Water Fund, and the aggregate remaining fund information of the City of Ironton, Lawrence County, Ohio (the City), as of and for the year ended as of December 31, 2012, and the respective changes in its financial position and its cash flows thereof and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the basic financial statements, during the year ended December 31, 2012, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 62, “Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB,” Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the City’s basic financial statements taken as a whole.

The Schedule of Federal Award Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management’s responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013 (Except Note 18, as to which the date is November 30, 2014), on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Caudill & Associates, CPA

Caudill & Associates, CPA
October 31, 2013

Except for the Schedule of Expenditures of Federal Awards and Note 18, as to which the date is November 30, 2014

CITY OF IRONTON, OHIO

BASIC FINANCIAL STATEMENTS

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

Prepared by:
Kristen Martin
Director of Finance

CITY OF IRONTON, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

The discussion and analysis of the City of Ironton's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2012 are as follows:

- ❑ In total, net position decreased \$2,013,103. Net position of governmental activities decreased \$1,424,524, which represents a 5.4% decrease from 2011. Net position of business-type activities decreased 38.7%, or \$588,579 from 2011.
- ❑ General revenues accounted for \$3,668,033 in revenue, or 31.6% of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and capital grants and contributions accounted for \$7,936,329, or 68.4% of total revenues of \$11,604,362.
- ❑ The City had \$8,687,784 in expenses related to governmental activities; only \$3,613,679 of these expenses were offset by program specific charges for services and sales, and operating grants and capital grants and contributions. General revenues (primarily taxes) of \$3,649,581 and net position were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5,274,607 in revenues and \$5,059,457 in expenditures. The general fund's fund balance increased \$254,354.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

CITY OF IRONTON, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2012*

Unaudited

Government-Wide Financial Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred outflows/inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's programs and services are reported here including general government, public safety, street maintenance, construction and repair, health and social services, and recreation.
- 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. The City's water, sewer, refuse collection, and storm water services are reported as business-type activities.
- Component Unit – The City's financial statements include financial data for the Ironton Port Authority. The Component Unit is described in the notes to the financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance operations. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF IRONTON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position at December 31, 2012 and 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$4,052,463	\$5,684,212	\$5,256,643	\$6,194,677	\$9,309,106	\$11,878,889
Capital Assets, Net	24,305,013	24,305,013	11,566,732	11,566,732	35,871,745	35,871,745
Total Assets	28,357,476	29,989,225	16,823,375	17,761,409	45,180,851	47,750,634
Long-Term Debt Outstanding	2,707,433	2,923,969	15,443,701	15,736,339	18,151,134	18,660,308
Other Liabilities	261,746	308,038	447,544	504,361	709,290	812,399
Total Liabilities	2,969,179	3,232,007	15,891,245	16,240,700	18,860,424	19,472,707
Deferred Inflows of Resources	490,603	435,000	0	0	490,603	435,000
Net Position						
Net Investment in Capital Assets	22,247,300	22,060,899	7,124,610	7,132,104	29,371,910	29,193,003
Restricted	2,315,774	4,171,510	0	0	2,315,774	4,171,510
Unrestricted	334,620	89,809	(6,192,480)	(5,611,395)	(5,857,860)	(5,521,586)
Total Net Position	<u>\$24,897,694</u>	<u>\$26,322,218</u>	<u>\$932,130</u>	<u>\$1,520,709</u>	<u>\$25,829,824</u>	<u>\$27,842,927</u>

CITY OF IRONTON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

Changes in Net Position – The following table shows the changes in net position for the fiscal year 2012 and 2011:

	Governmental Activities		Business-type Activities		Total	Total
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,128,735	\$1,759,424	\$4,205,745	\$4,128,791	\$6,334,480	\$5,888,215
Operating Grants and Contributions	587,739	3,012,973	0	0	587,739	3,012,973
Capital Grants and Contributions	897,205	0	116,905	477,224	1,014,110	477,224
Total Program Revenues	<u>3,613,679</u>	<u>4,772,397</u>	<u>4,322,650</u>	<u>4,606,015</u>	<u>7,936,329</u>	<u>9,378,412</u>
General Revenues:						
Taxes	2,788,824	2,629,908	0	0	2,788,824	2,629,908
Intergovernmental, Unrestricted	484,619	640,133	0	0	484,619	640,133
Investment Earnings	42,908	15,726	18,452	10,993	61,360	26,719
Miscellaneous	333,230	1,589,163	0	0	333,230	1,589,163
Total General Revenues	<u>3,649,581</u>	<u>4,874,930</u>	<u>18,452</u>	<u>10,993</u>	<u>3,668,033</u>	<u>4,885,923</u>
Total Revenues	<u>7,263,260</u>	<u>9,647,327</u>	<u>4,341,102</u>	<u>4,617,008</u>	<u>11,604,362</u>	<u>14,264,335</u>
Program Expenses						
Security of Persons and Property	3,079,130	3,396,724	0	0	3,079,130	3,396,724
Public Health and Welfare Services	224,630	264,201	0	0	224,630	264,201
Leisure Time Activities	88,761	104,548	0	0	88,761	104,548
Community Environment	1,984,667	744,240	0	0	1,984,667	744,240
Transportation	478,541	656,391	0	0	478,541	656,391
General Government	2,722,706	1,823,369	0	0	2,722,706	1,823,369
Interest and Fiscal Charges	109,349	117,001	0	0	109,349	117,001
Water	0	0	1,792,377	2,561,942	1,792,377	2,561,942
Sewer	0	0	1,503,839	4,489,620	1,503,839	4,489,620
Sanitation	0	0	650,613	635,834	650,613	635,834
Storm Water	0	0	982,852	3,854,630	982,852	3,854,630
Total Expenses	<u>8,687,784</u>	<u>7,106,474</u>	<u>4,929,681</u>	<u>11,542,026</u>	<u>13,617,465</u>	<u>18,648,500</u>
Change in Net Position	<u>(1,424,524)</u>	<u>2,540,853</u>	<u>(588,579)</u>	<u>(6,925,018)</u>	<u>(2,013,103)</u>	<u>(4,384,165)</u>
Beginning Net Position	<u>26,322,218</u>	<u>23,781,365</u>	<u>1,520,709</u>	<u>8,445,727</u>	<u>27,842,927</u>	<u>32,227,092</u>
Ending Net Position	<u>\$24,897,694</u>	<u>\$26,322,218</u>	<u>\$932,130</u>	<u>\$1,520,709</u>	<u>\$25,829,824</u>	<u>\$27,842,927</u>

Governmental Activities

Net position of the City's Governmental Activities decreased \$1,424,524. Clean Ohio grants for the cleanup of the downtown riverfront received in the prior year resulted in the subsequent decrease in operating grants and contributions in 2012. Ohio Department of Transportation grants received for improvements to Depot Square and traffic signalization upgrades resulted in the increase in capital grants and contributions and general government expense. Sewer bond proceeds were used to reimburse the Governmental Activities for payments made in 2010 for costs related to a sewer relining project. The total amount reimbursed to the Governmental Activities in 2011 was \$1,211,017, which was recorded in miscellaneous revenue. This resulted in the subsequent decrease in miscellaneous revenue in 2012.

An increase in the municipal fee charged to residents resulted in an increase in charges for services. Costs for the downtown riverfront cleanup project funded by Clean Ohio Grants resulted in the increase in community environment expenses.

CITY OF IRONTON, OHIO

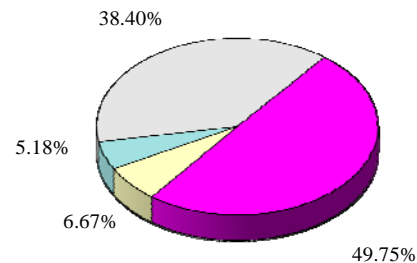
**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

The City also receives an income tax, which is based on 1.0% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the City and businesses operating in the City.

Taxes made up 38.40% of revenues for governmental activities for the City in fiscal year 2012. The City's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2012	Percent of Total
Taxes	\$2,788,824	38.40%
Program Revenues	3,613,679	49.75%
Intergovernmental, Unrestricted	484,619	6.67%
General Other	376,138	5.18%
Total Revenue	<u>\$7,263,260</u>	<u>100.00%</u>



Business-type Activities

Net position of the City's business-type activities decreased \$588,579. Capital projects funded in the prior year resulted in the subsequent decrease in current year expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$2,144,294, which is a decrease from last year's balance of \$2,235,827. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	\$747,202	\$492,848	\$254,354
Capital Infrastructure Project	13,575	13,575	0
Clean Ohio	0	81,217	(81,217)
Other Governmental	1,383,517	1,648,187	(264,670)
Total	<u>\$2,144,294</u>	<u>\$2,235,827</u>	<u>(\$91,533)</u>

CITY OF IRONTON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

General Fund – The City's General Fund balance change is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2012 Revenues	2011 Revenues	Increase (Decrease)
Taxes	\$2,566,909	\$2,404,712	\$162,197
Intergovernmental Revenues	546,006	784,364	(238,358)
Charges for Services	1,537,986	1,232,119	305,867
Licenses and Permits	103,648	78,950	24,698
Investment Earnings	20,745	10,033	10,712
Special Assessments	3,345	3,994	(649)
Fines and Forfeitures	302,947	283,574	19,373
All Other Revenue	193,021	516,620	(323,599)
Total	\$5,274,607	\$5,314,366	(\$39,759)

General Fund revenues in 2012 remained stable when compared with the prior year, decreasing \$39,759 or less than 1%.

	2012 Expenditures	2011 Expenditures	Increase (Decrease)
Security of Persons and Property	\$2,847,983	\$3,132,952	(\$284,969)
Public Health and Welfare Services	225,388	261,749	(36,361)
Community Environment	37,565	44,862	(7,297)
General Government	1,668,598	1,825,957	(157,359)
Capital Outlay	0	1,466	(1,466)
Debt Service:			
Principal Retirement	168,784	148,202	20,582
Interest and Fiscal Charges	111,139	116,086	(4,947)
Total	\$5,059,457	\$5,531,274	(\$471,817)

General Fund expenditures decreased \$471,817, or 9%. A decrease in salaries and related costs in the police and fire departments resulted in the decrease in security of persons and property.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, actual budget basis revenue of \$4.6 million did not significantly change from original and final budget estimates. Actual budget basis expenditures of \$4.7 million did not significantly change from original and final budget estimates. The General Fund had an adequate fund balance to cover expenditures.

CITY OF IRONTON, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2012*

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2012 the City had \$35,871,745 net of accumulated depreciation invested in land, construction in progress, buildings, land improvements, machinery and equipment, and infrastructure. Of this total, \$24,305,013 was related to governmental activities and \$11,566,732 to the business-type activities. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$1,740,045	\$1,740,045	\$0
Construction in Progress	161,933	161,933	0
Buildings	3,150,900	3,150,900	0
Land Improvements	4,454,077	4,454,077	0
Machinery and Equipment	3,477,572	3,477,572	0
Infrastructure	35,825,162	35,825,162	0
Less: Accumulated Depreciation	(24,504,676)	(24,504,676)	0
Totals	\$24,305,013	\$24,305,013	\$0

	Business-Type Activities		Increase (Decrease)
	2012	2011	
Land	\$60,060	\$60,060	\$0
Construction in Progress	894,546	894,546	0
Land Improvements	6,534,456	6,534,456	0
Buildings and Improvements	4,051,851	4,051,851	0
Machinery and Equipment	5,627,138	5,627,138	0
Infrastructure	5,364,722	5,364,722	0
Less: Accumulated Depreciation	(10,966,041)	(10,966,041)	0
Totals	\$11,566,732	\$11,566,732	\$0

Additional information on the City's capital assets can be found in Note 9.

CITY OF IRONTON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

Debt

At December 31, 2012, the City had \$13,868,000 in bonds outstanding, \$397,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Governmental Activities:		
General Obligation Bonds	\$1,940,000	\$2,030,000
Installment Loans	75,061	103,687
General Obligation Notes	42,652	110,427
Police and Firemen's Accrued Pension	420,384	431,404
Compensated Absences	<u>229,336</u>	<u>248,451</u>
Total Governmental Activities	2,707,433	2,923,969
Business-Type Activities:		
Ohio Water Development Authority Loans	\$2,705,772	\$2,722,401
Ohio Public Works Commission Loans	309,375	328,125
General Obligation Notes	0	7,225
Installment Loans	342,350	483,059
General Obligation Bonds	11,928,000	12,056,000
Compensated Absences	<u>158,204</u>	<u>139,529</u>
Total Business-Type Activities	<u>15,443,701</u>	<u>15,736,339</u>
Totals	<u><u>\$18,151,134</u></u>	<u><u>\$18,660,308</u></u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2012, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of reducing expenditures. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, 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 Finance Department by calling 740-533-0439 or writing to the City of Ironton Finance Department, 301 S. 3rd St. – 2nd Floor, PO Box 704, Ironton, Ohio 45638.

CITY OF IRONTON, OHIO

Statement of Net Position December 31, 2012

	Governmental Activities	Business-Type Activities	Total	Component Unit Ironton Port Authority
Assets:				
Pooled Cash and Investments	\$ 1,671,981	\$ 4,146,732	\$ 5,818,713	\$ 0
Cash and Cash Equivalents	0	0	0	275,512
Receivables:				
Taxes	949,343	0	949,343	0
Accounts	123,279	350,998	474,277	0
Intergovernmental	774,450	0	774,450	0
Loans	518,717	0	518,717	0
Internal Balances	(1,096)	1,096	0	0
Prepays	15,789	1,627	17,416	0
Restricted Assets:				
Cash and Cash Equivalents	0	35,036	35,036	0
Cash and Cash Equivalents with Fiscal Agent	0	721,154	721,154	0
Capital Assets:				
Capital Assets Not Being Depreciated	1,901,978	954,606	2,856,584	0
Capital Assets Being Depreciated	22,403,035	10,612,126	33,015,161	0
Total Assets	28,357,476	16,823,375	45,180,851	275,512
Liabilities:				
Accounts Payable	11,524	24,960	36,484	0
Accrued Wages and Benefits	241,467	149,350	390,817	0
Refundable Deposits	0	227,522	227,522	0
Accrued Interest Payable	8,755	45,712	54,467	0
Long Term Liabilities:				
Due Within One Year	333,654	808,691	1,142,345	0
Due in More Than One Year	2,373,779	14,635,010	17,008,789	0
Total Liabilities	2,969,179	15,891,245	18,860,424	0
Deferred Inflows of Resources:				
Property Tax Levy for Next Fiscal Year	490,603	0	490,603	0
Net Position:				
Net Investment in Capital Assets	22,247,300	7,124,610	29,371,910	0
Restricted For:				
Capital Projects	435,304	0	435,304	0
Debt Service	30,551	0	30,551	0
Streets & Highways	388,765	0	388,765	0
Security of Persons & Property	539,129	0	539,129	0
Other Purposes	922,025	0	922,025	0
Unrestricted (Deficit)	334,620	(6,192,480)	(5,857,860)	275,512
Total Net Position	\$ 24,897,694	\$ 932,130	\$ 25,829,824	\$ 275,512

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Statement of Activities For the Year Ended December 31, 2012

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,079,130	\$ 718,641	\$ 23,227	\$ 0
Public Health and Welfare Services	224,630	96,805	42,539	0
Leisure Time Activities	88,761	0	0	0
Community Environment	1,984,667	3,345	0	0
Transportation	478,541	0	475,491	0
General Government	2,722,706	1,309,944	46,482	897,205
Interest and Fiscal Charges	109,349	0	0	0
Total Governmental Activities	8,687,784	2,128,735	587,739	897,205
Business-Type Activities:				
Water	1,792,377	1,814,881	0	0
Sewer	1,503,839	1,220,622	0	0
Sanitation	650,613	673,203	0	0
Storm Water	982,852	497,039	0	116,905
Total Business-Type Activities	4,929,681	4,205,745	0	116,905
Total Primary Government	\$ 13,617,465	\$ 6,334,480	\$ 587,739	\$ 1,014,110
 Component Unit:				
Ironton Port Authority	\$ 233,782	\$ 85,434	\$ 106,735	\$ 0

General Revenues:

Property Taxes
Municipal Income Taxes
Intergovernmental, Unrestricted
Investment Earnings
Miscellaneous
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

CITY OF IRONTON, OHIO

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-Type Activities	Total	Ironton Port Authority
\$ (2,337,262)	\$ 0	\$ (2,337,262)	
(85,286)	0	(85,286)	
(88,761)	0	(88,761)	
(1,981,322)	0	(1,981,322)	
(3,050)	0	(3,050)	
(469,075)	0	(469,075)	
(109,349)	0	(109,349)	
<u>(5,074,105)</u>	<u>0</u>	<u>(5,074,105)</u>	
0	22,504	22,504	
0	(283,217)	(283,217)	
0	22,590	22,590	
0	(368,908)	(368,908)	
<u>0</u>	<u>(607,031)</u>	<u>(607,031)</u>	
<u>\$ (5,074,105)</u>	<u>\$ (607,031)</u>	<u>\$ (5,681,136)</u>	
			<u>\$ (41,613)</u>
469,821	0	469,821	0
2,319,003	0	2,319,003	0
484,619	0	484,619	0
42,908	18,452	61,360	0
333,230	0	333,230	0
<u>3,649,581</u>	<u>18,452</u>	<u>3,668,033</u>	<u>0</u>
(1,424,524)	(588,579)	(2,013,103)	(41,613)
<u>26,322,218</u>	<u>1,520,709</u>	<u>27,842,927</u>	<u>317,125</u>
<u>\$ 24,897,694</u>	<u>\$ 932,130</u>	<u>\$ 25,829,824</u>	<u>\$ 275,512</u>

CITY OF IRONTON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2012**

	General	Capital Infrastructure Project	Clean Ohio
Assets:			
Pooled Cash and Investments	\$ 338,280	\$ 13,575	\$ 0
Receivables:			
Taxes	675,330	0	0
Accounts	123,269	0	0
Intergovernmental	259,048	0	194,389
Loans	0	0	0
Prepaid Items	15,746	0	0
Total Assets	\$ 1,411,673	\$ 13,575	\$ 194,389
Liabilities:			
Accounts Payable	\$ 7,699	\$ 0	\$ 0
Accrued Wages and Benefits Payable	219,896	0	0
Compensated Absences Payable	5,307	0	0
Total Liabilities	232,902	0	0
Deferred Inflows of Resources:			
Unavailable Amounts	173,626	0	194,389
Property Tax Levy for Next Fiscal Year	257,943	0	0
Total Deferred Inflows of Resources	431,569	0	194,389
Fund Balances:			
Nonspendable	15,746	0	0
Restricted	11,121	13,575	0
Committed	337,302	0	0
Assigned	15,318	0	0
Unassigned	367,715	0	0
Total Fund Balances	747,202	13,575	0
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,411,673	\$ 13,575	\$ 194,389

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,318,411	\$ 1,670,266
274,013	949,343
10	123,279
321,013	774,450
518,717	518,717
43	15,789
<u>\$ 2,432,207</u>	<u>\$ 4,051,844</u>
\$ 3,498	\$ 11,197
21,571	241,467
0	5,307
<u>25,069</u>	<u>257,971</u>
790,961	1,158,976
232,660	490,603
<u>1,023,621</u>	<u>1,649,579</u>
43	15,789
1,405,522	1,430,218
0	337,302
0	15,318
(22,048)	345,667
<u>1,383,517</u>	<u>2,144,294</u>
<u>\$ 2,432,207</u>	<u>\$ 4,051,844</u>

CITY OF IRONTON, OHIO

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

Total Governmental Fund Balances		\$ 2,144,294
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		
Capital Assets used in the operation of Governmental Funds		24,305,013
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
		1,158,976
The internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are generally included in governmental activities in the statement of net position, however a portion is also allocated to the business-type activities.		
Internal Service Net Position	1,388	
Allocation to Business-Type Activities	(1,096)	292
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(1,940,000)	
Installment Loans	(75,061)	
Long Term Notes	(42,652)	
Police Pension Accrued Liability	(420,384)	
Compensated Absences Payable related to Governmental Funds	(224,029)	
Accrued Interest Payable	(8,755)	(2,710,881)
 <i>Net Position of Governmental Activities</i>		 \$ 24,897,694

See accompanying notes to the basic financial statements

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CITY OF IRONTON, OHIO

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

	General	Capital Infrastructure Project	Clean Ohio
Revenues:			
Taxes	\$ 2,566,909	\$ 0	\$ 0
Intergovernmental Revenues	546,006	897,205	1,305,724
Charges for Services	1,537,986	0	0
Licenses and Permits	103,648	0	0
Investment Earnings	20,745	0	0
Special Assessments	3,345	0	0
Fines and Forfeitures	302,947	0	0
All Other Revenue	193,021	0	0
Total Revenue	5,274,607	897,205	1,305,724
Expenditures:			
Current:			
Security of Persons and Property	2,847,983	0	0
Public Health and Welfare Services	225,388	0	0
Leisure Time Activities	0	0	0
Community Environment	37,565	0	1,386,941
Transportation	0	0	0
General Government	1,668,598	0	0
Capital Outlay	0	897,205	0
Debt Service:			
Principal Retirement	168,784	0	0
Interest and Fiscal Charges	111,139	0	0
Total Expenditures	5,059,457	897,205	1,386,941
Excess (Deficiency) of Revenues Over Expenditures	215,150	0	(81,217)
Other Financing Sources (Uses):			
Sale of Capital Assets	1,000	0	0
Transfers In	38,204	0	0
Transfers Out	0	0	0
Total Other Financing Sources (Uses)	39,204	0	0
Net Change in Fund Balances	254,354	0	(81,217)
Fund Balances at Beginning of Year	492,848	13,575	81,217
Fund Balances End of Year	\$ 747,202	\$ 13,575	\$ 0

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

	<u>Other Governmental Funds</u>		<u>Total Governmental Funds</u>
\$	233,010	\$	2,799,919
	766,115		3,515,050
	17		1,538,003
	0		103,648
	22,163		42,908
	0		3,345
	180,792		483,739
	<u>139,209</u>		<u>332,230</u>
	<u>1,341,306</u>		<u>8,818,842</u>
	255,177		3,103,160
	0		225,388
	88,954		88,954
	560,161		1,984,667
	483,773		483,773
	97,352		1,765,950
	64,490		961,695
	17,617		186,401
	<u>248</u>		<u>111,387</u>
	<u>1,567,772</u>		<u>8,911,375</u>
	(226,466)		(92,533)
	0		1,000
	0		38,204
	<u>(38,204)</u>		<u>(38,204)</u>
	<u>(38,204)</u>		<u>1,000</u>
	(264,670)		(91,533)
	<u>1,648,187</u>		<u>2,235,827</u>
\$	<u><u>1,383,517</u></u>	\$	<u><u>2,144,294</u></u>

CITY OF IRONTON, OHIO

***Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended December 31, 2012***

Net Change in Fund Balances - Total Governmental Funds		\$ (91,533)
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,556,582)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bond Principal Payment	90,000	
Installment Loan Principal Payment	28,626	
Long Term Notes Payable	67,775	
Police Pension Accrued Liability	11,020	197,421
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		2,038
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in Compensated Absences - Governmental Funds		24,422
The internal service funds, which are used by management to charge the costs of services to individual funds, are not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities and business-type activities.		
Change in Net Position - Internal Service Funds	(488)	
Change in portion of internal service fund net position allocated to Business-Type Activities	198	(290)
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ (1,424,524)</u></u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,674,576	\$ 2,693,115	\$ 2,448,237	\$ (244,878)
Intergovernmental Revenue	483,285	486,635	471,722	(14,913)
Charges for Services	1,147,139	1,155,090	1,162,105	7,015
Licenses and Permits	31,780	32,000	27,106	(4,894)
Investment Earnings	7,945	8,000	8,262	262
Special Assessments	3,377	3,400	3,345	(55)
Fines and Forfeitures	310,845	313,000	301,798	(11,202)
All Other Revenues	202,277	203,679	190,953	(12,726)
Total Revenues	<u>4,861,224</u>	<u>4,894,919</u>	<u>4,613,528</u>	<u>(281,391)</u>
Expenditures:				
Current:				
Security of Persons and Property	2,878,336	2,878,336	2,827,429	50,907
Public Health and Welfare Services	5,340	5,340	2,796	2,544
Community Environment	40,621	40,621	38,111	2,510
General Government	1,782,609	1,782,609	1,680,618	101,991
Debt Service:				
Principal Retirement	105,810	105,810	98,385	7,425
Interest and Fiscal Charges	51,956	51,956	51,956	0
Total Expenditures	<u>4,864,672</u>	<u>4,864,672</u>	<u>4,699,295</u>	<u>165,377</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,448)	30,247	(85,767)	(116,014)
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	1,000	0
Transfers In	249,778	249,778	249,778	0
Transfers Out	(142,500)	(142,500)	(112,500)	30,000
Total Other Financing Sources (Uses):	<u>108,278</u>	<u>108,278</u>	<u>138,278</u>	<u>30,000</u>
Net Changes in Fund Balance	104,830	138,525	52,511	(86,014)
Fund Balance at Beginning of Year	(141,536)	(141,536)	(141,536)	0
Prior Year Encumbrances	33,580	33,580	33,580	0
Fund Balance at End of Year	<u>\$ (3,126)</u>	<u>\$ 30,569</u>	<u>\$ (55,445)</u>	<u>\$ (86,014)</u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Sanitation
Assets:			
<i>Current Assets:</i>			
Pooled Cash and Investments	\$ 0	\$ 2,132,447	\$ 147,078
Receivables:			
Accounts	160,557	97,970	52,559
Prepaid Items	1,477	150	0
Restricted Assets:			
Cash and Cash Equivalents	35,036	0	0
Cash and Cash Equivalents with Fiscal Agent	0	360,577	0
<i>Total Current Assets</i>	197,070	2,591,144	199,637
<i>Non Current Assets:</i>			
Capital Assets:			
Capital Assets Not Being Depreciated	481,030	402,976	0
Depreciable Capital Assets, Net	5,634,730	4,857,299	45,712
Total Assets	6,312,830	7,851,419	245,349
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	5,802	2,909	16,249
Accrued Wages and Benefits	88,892	35,554	24,865
Refundable Deposits	227,522	0	0
Accrued Interest Payable	4,732	20,490	0
Installment Loans Payable - Current	2,956	72,422	0
Compensated Absences Payable - Current	33,052	12,712	16,732
General Obligation Bonds - Current	77,000	112,500	0
OWDA Loans Payable - Current	280,601	0	0
OPWC Loans Payable - Current	15,000	3,750	0
<i>Total Current Liabilities</i>	735,557	260,337	57,846

CITY OF IRONTON, OHIO

Storm Water	Total	Governmental Activities - Internal Service Funds
\$ 1,867,207	\$ 4,146,732	\$ 1,715
39,912	350,998	0
0	1,627	0
0	35,036	0
360,577	721,154	0
2,267,696	5,255,547	1,715
70,600	954,606	0
74,385	10,612,126	0
2,412,681	16,822,279	1,715
0	24,960	327
39	149,350	0
0	227,522	0
20,490	45,712	0
69,466	144,844	0
0	62,496	0
112,500	302,000	0
0	280,601	0
0	18,750	0
202,495	1,256,235	327

(Continued)

CITY OF IRONTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2012**

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Sanitation
	<i>Long Term Liabilities:</i>		
Compensated Absences Payable	39,011	37,275	19,422
General Obligation Bonds Payable	1,026,000	5,300,000	0
Installment Loans Payable	4,859	98,753	0
OWDA Loans Payable	2,425,171	0	0
OPWC Loans Payable	240,000	50,625	0
Total Liabilities	4,470,598	5,746,990	77,268
Net Position:			
Net Investment in Capital Assets	2,044,173	5,034,725	45,712
Unrestricted	(201,941)	(2,930,296)	122,369
Total Net Position	\$ 1,842,232	\$ 2,104,429	\$ 168,081

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

		Governmental Activities -
Storm Water	Total	Internal Service Funds
0	95,708	0
5,300,000	11,626,000	0
93,894	197,506	0
0	2,425,171	0
0	290,625	0
5,596,389	15,891,245	327
0	7,124,610	0
(3,183,708)	(6,193,576)	1,388
\$ (3,183,708)	\$ 931,034	\$ 1,388
	1,096	
	\$ 932,130	

CITY OF IRONTON, OHIO

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

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Sanitation
Operating Revenues:			
Charges for Services	\$ 1,801,618	\$ 1,214,214	\$ 668,054
Other Operating Revenue	0	0	0
Total Operating Revenues	<u>1,801,618</u>	<u>1,214,214</u>	<u>668,054</u>
Operating Expenses:			
Personal Services	886,905	541,578	398,061
Contractual Services	774,393	674,558	227,834
Materials and Supplies	28,446	16,188	24,705
Total Operating Expenses	<u>1,689,744</u>	<u>1,232,324</u>	<u>650,600</u>
Operating Income (Loss)	111,874	(18,110)	17,454
Nonoperating Revenue (Expenses):			
Investment Earnings	7,532	6,837	3,848
Interest Expense	(102,435)	(271,515)	(13)
Other Nonoperating Revenue	13,263	6,408	5,149
Total Nonoperating Revenues (Expenses)	<u>(81,640)</u>	<u>(258,270)</u>	<u>8,984</u>
Income (Loss) Before Capital Contributions	30,234	(276,380)	26,438
Capital Contributions:			
Capital Contributions	0	0	0
Total Capital Contributions	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	30,234	(276,380)	26,438
Net Position Beginning of Year	1,811,998	2,380,809	141,643
Net Position End of Year	<u>\$ 1,842,232</u>	<u>\$ 2,104,429</u>	<u>\$ 168,081</u>

Change in Net Position - Total Enterprise Funds

Adjustment to reflect the consolidation of internal service
fund activities related to the enterprise funds.

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Storm Water	Total	Governmental Activities - Internal Service Funds
\$ 497,039	\$ 4,180,925	\$ 0
0	0	17,366
497,039	4,180,925	17,366
3,487	1,830,031	0
697,366	2,374,151	0
0	69,339	17,854
700,853	4,273,521	17,854
(203,814)	(92,596)	(488)
235	18,452	0
(281,999)	(655,962)	0
0	24,820	0
(281,764)	(612,690)	0
(485,578)	(705,286)	(488)
116,905	116,905	0
116,905	116,905	0
(368,673)	(588,381)	(488)
(2,815,035)	1,519,415	1,876
\$ (3,183,708)	\$ 931,034	\$ 1,388
	\$ (588,381)	
	(198)	
	\$ (588,579)	

CITY OF IRONTON, OHIO

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

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Sanitation
	<u>Cash Flows from Operating Activities:</u>		
Cash Received from Customers	\$1,820,279	\$1,219,107	\$686,497
Cash Payments for Goods and Services	(861,528)	(694,177)	(254,986)
Cash Payments to Employees	(889,918)	(521,403)	(398,206)
Net Cash Provided (Used) by Operating Activities	68,833	3,527	33,305
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Intergovernmental Grants	0	0	0
Issuance of OWDA Loans	261,846	0	0
Principal Paid on OPWC Loans	(15,000)	(3,750)	0
Principal Paid on Installment Loans	(2,872)	(70,354)	0
Principal Paid on General Obligation Notes	0	0	(551)
Principal Paid on General Obligation Bonds	(73,000)	(27,500)	0
Principal Paid on OWDA Loans	(275,100)	(1,688)	0
Interest Paid on All Debt	(102,749)	(271,561)	(13)
Net Cash Used by Capital and Related Financing Activities	(206,875)	(374,853)	(564)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	7,532	6,869	3,848
Net Cash Provided by Investing Activities	7,532	6,869	3,848
Net Increase (Decrease) in Cash and Cash Equivalents	(130,510)	(364,457)	36,589
Cash and Cash Equivalents at Beginning of Year	165,546	2,857,481	110,489
Cash and Cash Equivalents at End of Year	\$35,036	\$2,493,024	\$147,078
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$0	\$2,132,447	\$147,078
Restricted Cash and Cash Equivalents	35,036	0	0
Restricted Cash and Cash Equivalents with Fiscal Agent	0	360,577	0
Cash and Cash Equivalents at End of Year	\$35,036	\$2,493,024	\$147,078

CITY OF IRONTON, OHIO

Storm Water	Total Enterprise Funds	Governmental Activities Internal Service
\$496,537	\$4,222,420	\$17,366
(706,907)	(2,517,598)	(18,668)
(3,501)	(1,813,028)	0
(213,871)	(108,206)	(1,302)
116,905	116,905	0
0	261,846	0
0	(18,750)	0
(67,483)	(140,709)	0
(6,674)	(7,225)	0
(27,500)	(128,000)	0
(1,687)	(278,475)	0
(282,105)	(656,428)	0
(268,544)	(850,836)	0
235	18,484	0
235	18,484	0
(482,180)	(940,558)	(1,302)
2,709,964	5,843,480	3,017
\$2,227,784	\$4,902,922	\$1,715
\$1,867,207	\$4,146,732	\$1,715
0	35,036	0
360,577	721,154	0
\$2,227,784	\$4,902,922	\$1,715

(Continued)

CITY OF IRONTON, OHIO

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

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$111,874	(\$18,110)	\$17,454
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Miscellaneous Nonoperating Revenue	13,263	6,408	5,149
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(21,027)	(1,515)	13,294
Decrease in Prepaid Items	6,702	294	0
Decrease in Accounts Payable	(61,473)	(3,725)	(2,447)
Increase (Decrease) in Accrued Wages and Benefits	(13,396)	13,284	(1,546)
Increase in Customer Deposits Payable	22,507	0	0
Increase in Compensated Absences	10,383	6,891	1,401
Total Adjustments	(43,041)	21,637	15,851
Net Cash Provided (Used) by Operating Activities	\$68,833	\$3,527	\$33,305

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

		Governmental Activities
Storm Water	Total Enterprise Funds	Internal Service
(\$203,814)	(\$92,596)	(\$488)
0	24,820	0
(502)	(9,750)	0
0	6,996	0
(9,541)	(77,186)	(814)
(14)	(1,672)	0
0	22,507	0
0	18,675	0
(10,057)	(15,610)	(814)
(\$213,871)	(\$108,206)	(\$1,302)

CITY OF IRONTON, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2012***

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 54,095
Total Assets	<u>54,095</u>
Liabilities:	
Due to Others	<u>54,095</u>
Total Liabilities	<u>\$ 54,095</u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ironton, (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution, the laws of the State of Ohio and the City's Charter. The City is a home-rule municipal corporation operating under its own Charter. Ironton became a city on January 29, 1851 and operates under a Council/Mayor form of government.

The financial statements are presented as of December 31, 2012 and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. 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 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 otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, issuance of debt or the levying of taxes.

The City's primary government consists of all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, cemetery department, planning, zoning, street maintenance, basic utility (water, sewer, storm water and refuse) and other governmental services.

In addition the City has the following component unit:

The Ironton Port Authority is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio pursuant to the authority of Sections 4582.21 to 4582.59 of the Ohio Revised Code. The Port Authority was established on July 23, 2003 by the Ironton City Council.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide or promote transportation, economic development, housing, recreation, education, governmental operations, culture or research within the City of Ironton. The Port Authority provides services that are enumerated in Sections 4582.21 to 4582.59 of the Ohio Revised Code. These services include, but are not limited to, the power to purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in and operate Port Authority facilities to accomplish these activities. The Port Authority operates on a fiscal year ending December 31. The Port Authority is reflected as a discretely presented component unit of the City of Ironton. Complete financial statements of the component unit can be obtained from the Ironton Port Authority, 301 South 3rd Street, Ironton, Ohio 45638.

The City is involved with the following organizations which are defined as jointly governed organizations: Huntington-Ironton Empowerment Zone, Woodland Union Cemetery, KYOVA Interstate Planning Commission, Ohio Valley Regional Development Commission and Lawrence County Economic Development Corporation (LEDC). Additional information concerning these jointly governed organizations is presented in Note 16.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues and expenditures or expenses. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of "financial flow" (sources and uses and balances of financial resources). The following are the City's major governmental funds:

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds (Continued)

Capital Infrastructure Project Fund – This fund is used to account for monies used to build and/or repair infrastructure.

Clean Ohio Fund – This fund is used to account for grant monies the City has received to clean up brownfield sites within the City.

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Sanitation Fund – This fund is used to account for the operation of the City's sanitation service.

Storm Water Fund – This fund is used to account for the upkeep and construction of the City's storm water system.

Internal Service Funds - These funds are used to account for rotary services provided to other departments or agencies of the governmental unit or to other governmental units on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. These funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units. The City's agency funds account for fire insurance monies held per State Statute to insure building safety, deposits held from individuals who intend to excavate portions of the streets or sidewalks, municipal court collections that are distributed to the state and various local governments, and fee collections to be distributed to the law library.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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. Internal Service fund activity 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 activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City’s governmental activities. 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 and grants and contributions that are restricted to meeting the operational or capital requirements of 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 business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, and deferred outflows/inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the City considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Special assessment installments and related accrued interest, which are measurable but not available at December 31, are recorded as deferred inflows of resources. Delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources.

The accrual basis of accounting is utilized for reporting purposes by the Government-wide financial statements, proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made only by ordinance of the City Council.

1. Tax Budget

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure.

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2012.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level (the legal level of control). The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may only be modified during the year by an ordinance of City Council. The budgetary figures which appear on the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual" are presented on a budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the General Fund:

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$254,354
Increase (Decrease):	
Accrued Revenues at December 31, 2012 received during 2013	(645,021)
Accrued Revenues at December 31, 2011 received during 2012	486,577
Accrued Expenditures at December 31, 2012 paid during 2013	232,902
Accrued Expenditures at December 31, 2011 paid during 2012	(247,717)
2011 Prepays for 2012	20,719
2012 Prepays for 2013	(15,746)
Outstanding Encumbrances	(20,631)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	<u>(12,926)</u>
Budget Basis	<u><u>\$52,511</u></u>

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and short-term certificates of deposit with original maturities of three months or less. Certificates of deposit with original maturities in excess of three months are considered an investment in the basic financial statements. For purposes of GASB Statement No. 3, the certificates of deposit are considered cash equivalents because they are highly liquid instruments which are readily convertible to cash.

The City pools its cash for resource management purposes. Each fund's equity in pooled cash represents the balance on hand as if each fund maintained its own cash account. For purposes of the statements of cash flows, the share of equity in the pooled cash of the proprietary funds is considered to be a cash equivalent. See Note 4 "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. The City allocates interest among various funds based upon applicable legal and administrative requirements. See Note 4 "Cash, Cash Equivalents and Investments."

H. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	20-50
Improvements other than Buildings	10-50
Infrastructure	10-100
Machinery, Equipment, Furniture and Fixtures	3 - 50

CITY OF IRONTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Fund, Fire Fund, Water Fund, Sewer Fund Storm Water Fund
Installment Loans	Sewer Fund, Storm Water Fund, Fire Fund, General Fund, Street Fund
Long Term Notes	Fire Equipment Replacement Fund, Sanitation Fund, Storm Water Fund
Police and Fire Accrued Pension Liability	Police Pension Fund Fire Pension Fund
Ohio Water Development Authority Loans	Water Fund Sewer Fund Storm Water Fund
Ohio Public Works Commission Loans	Water Fund, Sewer Fund
Compensated Absences	General Fund Flood Fund Recreation Fund Street Fund Health Fund Water Fund Sewer Fund Sanitation Fund

J. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirements is accrued to the extent that it is considered probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees expected to become eligible to receive such payments in the future.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

Compensated absences accumulated by governmental fund type and proprietary fund type employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded. For proprietary funds, the entire compensated absences amount is reported as a fund liability.

K. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net position invested in capital assets, net of related debt 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 use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for Other Purposes includes state and federal grants for community development and mandatory fines for various court programs.

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

L. Pensions

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred.

M. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. 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 (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

O. Restricted Assets

Utility customer deposits are reported as restricted cash. A bond reserve account is reported as restricted cash with fiscal agent.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City reports no deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. The City had no special or extraordinary items to report during fiscal year 2012.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2012 the City implemented GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*,” GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

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CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 3 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned, and unassigned 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 constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Capital Infrastructure Project Fund	Clean Ohio Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$15,746	\$0	\$0	\$43	\$15,789
Total Nonspendable	<u>15,746</u>	<u>0</u>	<u>0</u>	<u>43</u>	<u>15,789</u>
Restricted:					
Community Corrections Program	11,121	0	0	0	11,121
Police and Fire Pension	0	0	0	11,217	11,217
Street Improvements	0	0	0	265,533	265,533
Drug and Alcohol Treatment and Education	0	0	0	255,738	255,738
FEMA Programs	0	0	0	2,025	2,025
Municipal Court	0	0	0	546,576	546,576
Community Development and Improvement	0	0	0	66,542	66,542
Debt Service	0	0	0	30,551	30,551
Capital Improvements	0	13,575	0	227,340	240,915
Total Restricted	<u>11,121</u>	<u>13,575</u>	<u>0</u>	<u>1,405,522</u>	<u>1,430,218</u>
Committed:					
Fire Department	337,302	0	0	0	337,302
Assigned:					
Other Purposes	15,318	0	0	0	15,318
Unassigned (Deficits):	<u>367,715</u>	<u>0</u>	<u>0</u>	<u>(22,048)</u>	<u>345,667</u>
Total Fund Balances	<u>\$747,202</u>	<u>\$13,575</u>	<u>\$0</u>	<u>\$1,383,517</u>	<u>\$2,144,294</u>

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. The City has adopted an Investment Policy that follows Ohio Revised Code Chapter 135 and applies the prudent person standard. The prudent person standard requires the Finance Director to exercise the care, skill and experience that a prudent person would use to manage his/her personal financial affairs and to seek investments that will preserve principal while maximizing income.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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

- Bonds of the State of Ohio;
- 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; and
- Obligations of the City.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

The City has no deposit policy for custodial risk beyond the requirements of State statute.

At year end the carrying amount of the City's deposits was \$4,629,711 and the bank balance was \$4,787,080. Federal depository insurance covered \$871,037 of the bank balance and \$3,916,043 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$3,916,043</u>
Total Balance	<u><u>\$3,916,043</u></u>

Cash and cash equivalents held by the Ironton Port Authority are classified as "cash and cash equivalents". At December 31, 2012, the carrying amount of the Ironton Port Authority's deposits was \$275,512, and the bank balance was \$276,316. \$250,000 of the bank balance was covered by the FDIC.

CITY OF IRONTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2012 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years) less than 1</u>
US Treasury Notes/Bills	<u>\$1,999,287</u>	AA+ ¹ /Aaa ²	<u>\$1,999,287</u>
Total Investments	<u><u>\$1,999,287</u></u>		<u><u>\$1,999,287</u></u>

¹ Standard & Poor's

² Moody's Investor Service

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 100% are United States Treasury Notes.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property and located in the City. Real property taxes (other than public utility) collected during 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2010. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 5 - TAXES (Continued)

A. Property Taxes (Continued)

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Ironton. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for the City's operations for the year ended December 31, 2012 was \$4.28 per \$1,000 of assessed value. The assessed value upon which the 2012 tax collections were based was \$140,640,600. This amount constitutes \$134,011,650 in real property assessed value and \$6,628,950 in public utility assessed value. Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .428% (4.28 mills) of assessed value.

B. Income Tax

The City levies a tax of 1%, on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees' 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.

CITY OF IRONTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 6 - RECEIVABLES

Receivables at December 31, 2012 consisted of taxes, accounts, loans, and intergovernmental receivables arising from shared revenues.

NOTE 7 – INTERFUND ACCOUNTS

On the Statement of Net Position, the Governmental Activities reported an internal balance at December 31, 2012 of \$1,096, which was offset in the Business-Type Activities by the same amount. This amount relates to the consolidation of internal service activities on the Government-Wide Statements.

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2012:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$38,204	\$0
Other Governmental Funds	0	38,204
Totals	<u>\$38,204</u>	<u>\$38,204</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

In 2012 the transfer of \$38,204 from the Other Governmental Funds to the General Fund was performed pursuant to a court order for the purpose of reimbursement of salaries paid out of the General Fund.

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CITY OF IRONTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$1,740,045	\$0	\$0	\$1,740,045
Construction in Progress	161,933	0	0	161,933
Subtotal	1,901,978	0	0	1,901,978
<i>Capital assets being depreciated:</i>				
Buildings	3,150,900	0	0	3,150,900
Land Improvements	4,454,077	0	0	4,454,077
Machinery and Equipment	3,477,572	0	0	3,477,572
Infrastructure	35,825,162	0	0	35,825,162
Subtotal	46,907,711	0	0	46,907,711
Total Cost	\$48,809,689	\$0	\$0	\$48,809,689

Accumulated Depreciation:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$901,115)	\$0	\$0	(\$901,115)
Land Improvements	(3,353,786)	0	0	(3,353,786)
Machinery and Equipment	(2,153,660)	0	0	(2,153,660)
Infrastructure	(18,096,115)	0	0	(18,096,115)
Total Depreciation	(\$24,504,676)	\$0	\$0	(\$24,504,676)
<i>Net Value:</i>	\$24,305,013			\$24,305,013

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$0
Leisure Time Activities	0
Public Health & Welfare	0
Transportation	0
General Government	0
Total Depreciation Expense	\$0

CITY OF IRONTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 9 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$60,060	\$0	\$0	\$60,060
Construction in Progress	894,546	0	0	894,546
Subtotal	954,606	0	0	954,606
<i>Capital assets being depreciated:</i>				
Land Improvements	6,534,456	0	0	6,534,456
Buildings and Improvements	4,051,851	0	0	4,051,851
Machinery and Equipment	5,627,138	0	0	5,627,138
Infrastructure	5,364,722	0	0	5,364,722
Subtotal	21,578,167	0	0	21,578,167
Total Cost	\$22,532,773	\$0	\$0	\$22,532,773

Accumulated Depreciation:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Land Improvements	(\$2,108,518)	\$0	\$0	(\$2,108,518)
Buildings and Improvements	(2,081,606)	0	0	(2,081,606)
Machinery and Equipment	(3,949,586)	0	0	(3,949,586)
Infrastructure	(2,826,331)	0	0	(2,826,331)
Total Depreciation	(\$10,966,041)	\$0	\$0	(\$10,966,041)
<i>Net Value:</i>	\$11,566,732			\$11,566,732

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 10 – DEFINED BENEFIT PENSION PLANS

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System ("OPERS")

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's contributions for pension obligations to OPERS for the years ending December 31, 2012, 2011, and 2010 were \$225,779, \$246,149 and \$235,701, respectively, which were equal to the required contributions for each year.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (“OP&F”)

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2012, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2012, 2011, and 2010 were \$90,743, \$86,492 and \$87,362 for police and \$132,317, \$131,056 and \$127,638 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2012, 2011, and 2010 were \$90,311, \$98,459 and \$134,371, respectively, which were equal to the required contributions for each year.

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund (“OP&F”)

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

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

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. 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% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% 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 made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2012, 2011, and 2010 were \$48,041, \$45,790 and \$46,250 for police and \$51,776, \$51,283 and \$49,945 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF IRONTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 12 - COMPENSATED ABSENCES

All full-time City employees earn sick leave at the rate of 1.25 days per calendar month of active service. Upon retirement, an employee with service of six years or more with the City receives a lump sum settlement for all unused sick leave up to a maximum of 90 days or 720 hours. The monetary compensation is at the hourly rate of compensation of the employee at the time of resignation if the employee is not given credit at his next place of employment.

Vacation leave is earned at various rates depending upon length of service. Upon separation from the City, an employee receives a lump sum settlement for all unused vacation time at the hourly rate of compensation at the time of resignation.

Compensatory time is earned, in lieu of overtime, at the rate of 1.5 hours per hour of overtime worked over eight hours in a twenty-four hour period. Compensatory time may be stored in a compensatory time bank up to 480 hours. Upon termination of employment any unused compensatory time is paid at the rate of one and one half times the employee's rate of pay at the time of termination.

At December 31, 2012, the total liability for accumulated unpaid compensated absences recorded in the Governmental Activities was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	4,206	\$79,493
Vacation / Compensatory Time	9,195	149,843
Total	<u>13,401</u>	<u>\$229,336</u>

In addition, the accrued liability for accumulated unpaid compensated absences recorded in the enterprise funds increased \$18,675 from a beginning year balance of \$139,529 to a year-end balance of \$158,204.

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CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2012 were as follows:

			Balance December 31, 2011	Additions	(Reductions)	Balance December 31, 2012	Due Within One Year
Business-Type Activities:							
Ohio Water Development Authority Loans (OWDA):							
2.00%	Loan #0239	1994	\$2,045,167	\$0	(\$275,099)	\$1,770,068	\$280,601
3.43%	Loan #5221	2009	3,376	0	(3,376)	0	0
2.00%	Loan #5873	2011	673,858	261,846	0	935,704	0
Total Ohio Water Development Authority Loans			<u>2,722,401</u>	<u>261,846</u>	<u>(278,475)</u>	<u>2,705,772</u>	<u>280,601</u>
Ohio Public Works Commission Loans (OPWC):							
0.00%	Railroad Street Sanitary Sewer	2006	58,125	0	(3,750)	54,375	3,750
0.00%	Water Storage Improvement	2009	270,000	0	(15,000)	255,000	15,000
Total Ohio Public Works Commission Loans			<u>328,125</u>	<u>0</u>	<u>(18,750)</u>	<u>309,375</u>	<u>18,750</u>
General Obligation Notes:							
4.49%	Sanitation Equipment	2007	551	0	(551)	0	0
4.49%	Stormwater Equipment	2007	6,674	0	(6,674)	0	0
Total General Obligation Notes			<u>7,225</u>	<u>0</u>	<u>(7,225)</u>	<u>0</u>	<u>0</u>
Installment Loans:							
2.9-3.34%	Sewer Backflow Preventer	2010	483,059	0	(140,709)	342,350	144,844
General Obligation Bonds:							
5.22%	Water Storage	2008	1,176,000	0	(73,000)	1,103,000	77,000
2.0-5.25%	Sewer System Improvement	2011	10,880,000	0	(55,000)	10,825,000	225,000
Total General Obligation Bonds			<u>12,056,000</u>	<u>0</u>	<u>(128,000)</u>	<u>11,928,000</u>	<u>302,000</u>
Compensated Absences			<u>139,529</u>	<u>89,850</u>	<u>(71,175)</u>	<u>158,204</u>	<u>62,496</u>
Total Business-Type Long-Term Debt			<u>\$15,736,339</u>	<u>\$351,696</u>	<u>(\$644,334)</u>	<u>\$15,443,701</u>	<u>\$808,691</u>
Governmental Activities Long-Term Debt:							
General Obligation Bonds:							
Varies	Building Improvement	1997	\$895,000	\$0	(\$60,000)	\$835,000	\$65,000
Varies	Fire House Construction Bonds	2003	1,135,000	0	(30,000)	1,105,000	30,000
Total General Obligation Bonds			<u>2,030,000</u>	<u>0</u>	<u>(90,000)</u>	<u>1,940,000</u>	<u>95,000</u>
Installment Loans:							
2.9-3.34%	Sewer Backflow Preventer	2010	10,687	0	(2,872)	7,815	2,956
2.50%	HVAC Cooling Tower	2011	93,000	0	(25,754)	67,246	26,403
Total Installment Loans			<u>103,687</u>	<u>0</u>	<u>(28,626)</u>	<u>75,061</u>	<u>29,359</u>
General Obligation Notes:							
4.49%	Equipment Acquisition	2007	27,376	0	(27,376)	0	0
4.69%	Fire Pumper Acquisition	2007	83,051	0	(40,399)	42,652	42,652
Total General Obligation Notes			<u>110,427</u>	<u>0</u>	<u>(67,775)</u>	<u>42,652</u>	<u>42,652</u>
Police/Fire Accrued Pension Obligations			<u>431,404</u>	<u>0</u>	<u>(11,020)</u>	<u>420,384</u>	<u>11,493</u>
Compensated Absences			<u>248,451</u>	<u>157,679</u>	<u>(176,794)</u>	<u>229,336</u>	<u>155,150</u>
Total Other Long-Term Obligations:			<u>679,855</u>	<u>157,679</u>	<u>(187,814)</u>	<u>649,720</u>	<u>166,643</u>
Total Governmental Activities			<u>\$2,923,969</u>	<u>\$157,679</u>	<u>(\$374,215)</u>	<u>\$2,707,433</u>	<u>\$333,654</u>

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2012, follows:

Years	OWDA Loans		General Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$280,601	\$35,402	\$397,000	\$648,712	\$18,750	\$0
2014	286,214	29,790	416,000	635,465	18,750	0
2015	291,938	24,065	425,000	621,403	18,750	0
2016	297,776	18,226	439,000	606,412	18,750	0
2017	303,732	12,270	459,000	590,187	18,750	0
2018-2022	309,807	6,196	2,599,000	2,647,479	93,750	0
2023-2027	0	0	2,053,000	2,098,720	91,875	0
2028-2032	0	0	2,410,000	1,601,900	30,000	0
2033-2037	0	0	2,725,000	945,588	0	0
2038-2040	0	0	1,945,000	207,900	0	0
Totals	<u>\$1,770,068</u>	<u>\$125,949</u>	<u>\$13,868,000</u>	<u>\$10,603,765</u>	<u>\$309,375</u>	<u>\$0</u>

Years	Police/Fire Accrued Pension Liability		General Obligation Notes		Installment Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$11,493	\$17,745	\$42,652	\$2,378	\$174,203	\$9,719
2014	11,986	17,252	0	0	179,209	4,710
2015	12,501	16,737	0	0	63,999	470
2016	13,038	16,200	0	0	0	0
2017	13,598	15,640	0	0	0	0
2018-2022	77,271	68,922	0	0	0	0
2023-2027	95,353	50,838	0	0	0	0
2028-2032	117,667	28,524	0	0	0	0
2033-2037	67,477	4,304	0	0	0	0
Totals	<u>\$420,384</u>	<u>\$236,162</u>	<u>\$42,652</u>	<u>\$2,378</u>	<u>\$417,411</u>	<u>\$14,899</u>

A. Police and Firemen's Pension Fund

The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2012 was \$656,546 in principal and interest payments through the year 2035. Only the principal amount of \$420,384 is included in the Long-Term debt amount.

B. OWDA Loans

The City's project related to OWDA Loan #5873 is not yet complete, and amounts are still available to drawn upon to pay for the completion of the project. Since the final amount of the loan is still undetermined, the City will not have a finalized amortization schedule for this loan until the project is completed.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of property and casualty losses, and injuries to employees. The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation. The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	<u>(14,187,273)</u>	<u>(14,320,812)</u>
Net Assets	<u>\$19,175,131</u>	<u>\$20,631,198</u>

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 14 - RISK MANAGEMENT (Continued)

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the City's share of these unpaid claims collectible in future years is approximately \$78,172.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

PEP Contributions	
2011	2010
\$84,970	\$79,788

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 15 - CONTINGENCIES

The City is party to legal proceedings. However, no liability has been accrued since the ultimate disposition of these claims and legal proceedings has yet to be determined and the amount of liability, if any, is not measurable.

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2012.

CITY OF Ironton, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Huntington-Ironton Empowerment Zone - The Huntington-Ironton Empowerment Zone Board (EZ) is a newly created not-for-profit corporation with private foundation status which will provide management and oversight to the Empowerment Zone projects and programs according to Internal Revenue Service regulations. The EZ Board administers Empowerment Zone Programs for the City.

The purposes of the governing foundation include:

- To organize and administer the Empowerment Zone Program using the strategic plan developed with public input as a guide;
- To insure sound fiscal management of all assets received and disbursed by the corporation;
- To foster, facilitate and direct regional cooperative efforts such as economic planning and implementation;
- To seek and administer grants, accept and distribute donations of cash, property, other gifts and bequests, and other fundraising efforts which further the charitable cause of the organization;
- To foster job development, job creation, and workforce development;
- To provide accountability of resources to funders and citizens;
- To conduct research and develop new approaches to regional economic development issues; and,
- To market and promote the Empowerment Zone Program including tax exempt bond financing and other tax incentives to potential developers and employers.

The EZ Board is comprised of a 15-member Board of Directors, which has decision-making authority. The Board members are appointed by regional entities, serve two-year terms and comprise a cross-representation of the region. Of the fifteen members:

- Four are appointed by the elected officials of the local units of government (City of Huntington, Cabell County, City of Ironton, Lawrence County) and serve at the will and pleasure of the appointing entity;
- Four are appointed by regional business and development organizations (Huntington Area Developmental Council, Lawrence Economic Development Corporation, Huntington Regional Chamber of Commerce, Greater Lawrence County Chamber of Commerce); and,
- Seven at-large members are nominated by the Nominating Committee, appointed by the Board, and are residents or other stakeholders of the Empowerment Zone.

Woodland Union Cemetery - Woodland Union Cemetery was established under Ohio Revised Code Section 517. The constitution and laws of the State of Ohio establish the rights and privileges for Woodland Union Cemetery as a body corporate and politic. The City of Ironton and Upper Township appoint a three-member Board of Trustees to direct cemetery operations. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of lots. The Cemetery is not dependent upon the City of Ironton for its continued existence.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

KYOVA Interstate Planning Commission -The KYOVA Interstate Planning Commission was established by joint resolution adopted by the State of West Virginia and Ohio. The objectives and policies of the Commission are prescribed in the West Virginia State Code, Chapter 8, Articles 4C-4 and the Ohio Revised Code, Section 713.30 et seq. Membership is comprised of elected or appointed county and municipal officials or their officially appointed designees as determined by the three county governing bodies of Cabell and Wayne Counties, West Virginia, and Lawrence County, Ohio, and by the governing bodies of the cities of Huntington, West Virginia, and Ironton, Ohio. The Commission is not dependent upon the City of Ironton for its continued existence.

Ohio Valley Regional Development Commission - The Ohio Valley Regional Development Commission is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon the City of Ironton for its existence.

Lawrence County Economic Development Corporation (LEDC) - The Lawrence County Economic Development Corporation is a not for profit Community Improvement Corporation formed under Chapter 1724 of the Ohio Revised Code. The LEDC was formed in 1983 and was designated as the economic development agent for the City of Ironton and Lawrence County. The goal of the agency is job creation and retention. The LEDC is administered by a Board of Trustees, composed of local elected officials and local business leaders. The LEDC is not dependent upon the City of Ironton for its existence.

NOTE 17 – NONCOMPLIANCE

Contrary to Ohio Rev. Code 117.38, the City did not file the GAAP basic financial statements within 150 days after year end.

NOTE 18 – FEDERAL RECEIPTS AND DISBURSEMENTS

An audit adjustment was made in the amount of \$897,205 to the Capital Infrastructure Project Fund. This adjustment increased intergovernmental revenues and capital outlay in the amount of \$897,205. The audit adjustment was to book federal disbursements made by the Ohio Department of Transportation on behalf of the City of Ironton. The adjustment had no effect on fund balance.

**CITY OF IRONTON
LAWRENCE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2012**

Federal Grantor / Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants/State's Program			
	AT-07-2CA-1	14.228	311,941
	AF-11-2CA-1	14.228	131,660
	AF-09-2CA-1	14.228	13,836
Revolving Loan		14.228	<u>\$ 102,725</u>
Total Community Development Block Grant- State's Program			<u>560,162</u>
Total U.S. Department of Housing and Urban Development			<u>560,162</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Passed through the Ohio Environmental Protection Agency</i>			
The Small Business Liability Relief and Brownsfields Revitalization Act			
	N/A	66.818	<u>1,386,941</u>
Total U.S. Environmental Protection Agency			<u>1,386,941</u>
<u>U.S. DEPARTMENT OF HIGHWAY PLANNING & CONSTRUCTION</u>			
<i>Passed through the Ohio Department of Transportation (ODOT)</i>			
Signalization Project			
	N/A	20.205	57,483
LAW - Depot Square	N/A	20.205	<u>839,722</u>
Total U.S. Department of Highway Planning & Construction			<u>897,205</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through Ohio Department of Health</i>			
Maternal and Child Health Services Block Grant to the States			
	N/A	93.994	<u>1,615</u>
Total U.S. Department of Health and Human Services			<u>1,615</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through Ohio Department of Public Safety</i>			
Assistance to Firefighters Grant			
	N/A	97.044	<u>1,540</u>
Total U.S. Department of Homeland Security			<u>1,540</u>
Total			<u><u>\$ 2,847,463</u></u>

The Notes to the Schedule of Federal Awards is an integral part of the Schedule.

**CITY OF IRONTON
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE A – SIGNIFICANT ACCOUNTING POLICES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) reports the City’s federal award programs’ disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – SUBRECIPIENTS

The City passes certain federal awards received from the Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note A describes, the City records expenditures of Federal awards to subrecipients when paid in cash.

NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City, passed through the Ohio Department of Development (ODOD). The Schedule reports loans made and administrative costs as disbursements on the schedule. The City uses loan repayments and interest received to make additional loans, which the Schedule also reports. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans. In addition, with the approval of ODOD, the City may use repaid monies for Community Improvement projects.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012	\$601,520
Loans made	-0-
Loan principle repaid	<u>(82,803)</u>
Ending loans receivable balance as of December 31, 2012	518,717
Cash balance on hand in the revolving loan fund as of December 31, 2012	\$126,459
Administrative costs expended during 2012	\$14,912

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2012, delinquent amounts due are \$0.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The schedule does not include the expenditure of non-Federal matching funds.



Caudill & Associates, CPA

P.O. Box 751, South Shore, KY 41175

Member American Institute of Certified Public Accountants

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Kentucky Society of Certified Public Accountants

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

To the City Council
City of Ironton
Lawrence County
301 South Third Street
Ironton, Ohio 45638

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ironton, Lawrence County, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 31, 2013 (Except Note 18, as to which the date is November 30, 2014), wherein we noted that the City has adopted Governmental Accounting Standards Board Statements No. 62, 63 and 65. We qualified our report on the City's capital assets and net investment in capital assets in the Statement of Net Position for the Governmental Type Activities, Business Type Activities, Water Fund, Sewer Fund, Sanitation Fund, and the Storm Water Fund.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings and questioned costs we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-002 and 2012-003 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

City of Ironton
Lawrence County
Independent Auditor's Report On Internal Control over Financial Reporting And On Compliance And Other Matters
Required by *Government Auditing Standards*

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as item 2012-001.

Entity's Response to Findings

The City's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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

Caudill & Associates, CPA

Caudill & Associates, CPA
October 31, 2013

Except Note 18, as to which the date is November 30, 2014



Caudill & Associates, CPA

P.O. Box 751, South Shore, KY 41175

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the City Council
City of Ironton
Lawrence County
301 South Third Street
Ironton, Ohio 45638

Report on Compliance for Each Major Federal Program

We have audited the City of Ironton's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Ironton's major federal programs for the year ended December 31, 2012. The Summary of Audit Results in the accompanying schedule of findings and questioned costs identifies the City's major federal programs.

Management's Responsibility

The City's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Ironton complied, in all material respects with the compliance requirements referred to above that could directly and materially affects each of its major federal programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings and questioned costs as items 2012-004 and 2012-005. These findings did not require us to modify our compliance opinion on each major federal program.

The City's responses to our noncompliance findings are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-006 to be a material weakness.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Caudill & Associates, CPA

Caudill & Associates, CPA

October 31, 2013

Except for Major Federal Program Highway Planning and Construction – CFDA #20.205, as to which is dated November 30, 2014

**CITY OF IRONTON
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Qualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the Financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	None Reported
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant - CFDA #14.228 Highway Planning and Construction – CFDA #20.205 The Small Business Liability Relief and Brownsfield Revitalization Act – CFDA #66.818
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**CITY OF IRONTON
LAWRENCE COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2012

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

FINDING NUMBER 2012-001

Noncompliance Citation – Ohio Revised Code 117.38

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both for such reports. If the Auditor of State has not prescribed a rule regarding the form of the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38.

Ohio Administrative Code Section 117-2-03(B) requires the City to prepare its annual financial report in accordance with Generally Accepted Accounting Principles (GAAP). Per Ohio Rev. Code Section 117.28, GAAP Basis entities are required to file annual reports within 150 days of their fiscal year end. To be complete, GAAP entities must submit the basic financial statements, including the government-wide financial statements, fund financial statements, notes to the basic financial statements and Management’s Discussion and Analysis. A penalty of \$25 per day (\$750 maximum) is permissible under Ohio Rev. Code Section 117.38.

The City did not file their GAAP basis financial statements within 150 days after their year end.

We recommend the City complete and file their annual GAAP financial statements within 150 days after their year end.

Officials’ Response:

The Finance Director will ensure all materials and audit work can be completed in order to meet the filing deadline.

FINDING NUMBER 2012-002

Material Weakness – Capital Assets and Net Investment in Capital Assets

The City should have an established policy outlining the approach that the City will take in regards to their capital assets. In addition to this policy, the City should also have controls in place to monitor these assets. These controls should include use of tags, asset addition and deletion forms, and any other type of control documentation the City deems necessary. However, we noted several deficiencies in these areas. These are listed below:

**CITY OF IRONTON
LAWRENCE COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2012

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

FINDING NUMBER 2012-002 (Continued)

- A. The City did not have a formal policy for capital assets. We recommend a formal policy be adopted by the City Council for capital assets. This policy should include, but not be limited to, the following: the capitalization threshold, category or class of assets, initial capitalization of infrastructure, method of cost capitalization, and method of depreciation, useful lives and methods of acquisition or disposal.
- B. The City did not utilize any type of asset identification system. In addition to this, they did not utilize deletion forms for any of the assets that were deleted during the year. We recommend the City implement controls over their assets to include a tracking system of assets and use of proper forms for the addition and deletion of these items.
- C. There were several capital assets that were fully depreciated but still in use. Fully depreciated capital assets should be reviewed to determine whether the assets are still being used (i.e. that they have not been discarded or abandoned). Prior to assets becoming fully depreciated, we recommend asset lives be reevaluated and, if an asset will outlive its expected life, the asset life should be increased and the remaining undepreciated life should be allocated over the new estimate of remaining life.
- D. The City did not track their construction in progress or outstanding contractual commitments that were related to these projects. This made it impossible to accurately disclose construction in progress or the outstanding contractual commitments the City had at year end. We recommend the city begin monitoring all construction contracts that will need to be capitalized. This monitoring should allow for proper disclosure of the construction completed at year end and the remaining commitment amount that is still due to be paid.

As a result of lack of support for capital assets noted above and the GAAP departures related to capital assets, we were not able to verify the amounts reported in the financial statements for capital assets and net investment in capital assets. Due to this, we had to qualify our opinion on both the capital assets and the net investment in capital assets.

Officials' Response:

City officials chose not to respond to this finding.

**CITY OF IRONTON
LAWRENCE COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2012

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

FINDING NUMBER 2012-003

Material Weakness – Financial Statement Finding

During the course of our audit engagement, we identified a major fund (Capital Infrastructure Project Fund) that was included in the financial statements as a non-major fund but should have been classified as a major fund and not in the other government funds classification in the basic financial statements. A reclassification was made from the other government funds category to a major fund category.

We also noted during our audit procedures that the following audit adjustment to the financial statements was necessary:

- (1) An audit adjustment was booked by the City at December 31, 2012 in the Capital Infrastructure Project Fund and the Government Activities (Entity Wide) to record federal disbursements made by the Ohio Department of Transportation on behalf of the City of Ironton.

The City hires an outside firm to prepare its financial statements on a generally accepted accounting principles basis. However, the City should implement sufficient controls over financial reporting to ensure the financial statements presented for audit are free of material misstatements. Failure to implement the internal controls over financial reporting may result in the presentation and misleading and materially misstated financial statements.

Once the basic financial statements and the compilation report have been prepared, we recommend that management conduct a detailed review of those documents. We also recommend that the City and the outside Firm preparing the GAAP financial statements implement internal controls over financial reporting to ensure that financial statements presented for audit are free of material misstatements.

Officials' Response:

City officials chose not to respond to this finding.

**CITY OF IRONTON
LAWRENCE COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2012

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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FINDING NUMBER 2012-004

CFDA Title Number	Community Development Block Grant CFDA # 14.228
Federal Award Number	AE-02-134-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance – Cash Management

The Ohio Department of Development, Office of Housing and Community Partnership (OHCP) Policy 08-02, states:

“The office of Housing and Community Partnerships (OHCP) requires communities administering an Ohio Small Cities Community Development Block Grant (CDBG) Program/HOME Investment Partnerships Program-funded Revolving Loan Fund (RLF) to maintain those funds in the treasurer of the public office.”

As well, Ohio Rev. Code Section 733.46 provides that the treasurer of a municipal corporation shall receive and disburse all funds of the municipal corporation and such other funds as arise in or belong to any department or part of the municipal corporation.

On April 7, 1986, the City entered into an agreement with the Ironton-Lawrence County Community Action Organization (CAO), where the CAO was named as the delegate agency and administrator for the City’s Community Development Block Grant programs for the purpose of making business loans and the establishment of the City’s RLF program. Borrowers make the RLF loan payments to the CAO which deposits the payments into checking accounts established by the CAO for each borrower. Monies are only transferred to the City when a disbursement is to be made, and the CAO contacts the City to let them know who to make the check payable to and the amount. A payment is made approximately three times per year to the City for a portion of the collections from the outstanding Revolving Loan Funds. As of the date of this audit, the City has attempted, but has not regained control of the accounts.

We recommend the Revolving Loan Fund account be under the control of the City and that all receipts that are collected from the outstanding loans be collected by the City. The City should consult with legal council to resolve this issue.

Officials’ Response:

Already in file.

**CITY OF IRONTON
LAWRENCE COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2012

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)
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FINDING NUMBER 2012-005

CFDA Title Numbers	<p>Community Development Block Grant CFDA # 14.228</p> <p>Highway Planning and Construction CFDA # 20.205</p> <p>The Small Business Liability Relief and Brownsfield Revitalization Act CFDA # 66.818</p>
Federal Award Number	N/A
Federal Agencies	<p>U.S. Department of Housing and Urban Development</p> <p>U.S. Department of Highway Planning & Construction</p> <p>U.S. Department of Environmental Protection Agency</p>
Pass-Through Agencies	Ohio Department of Development, Ohio Department of Transportation and Ohio Environmental Protection Agency

Noncompliance – Federal Program Report Submission

OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations Section .320(a) states “The audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The City did not complete the single audit within the required time frame, nor obtained an agreement in advance for an extension from the cognizant or oversight agency.

We recommend that management notify auditors in a timely manner to meet compliance requirements for all federal programs that qualify as a single audit, and become familiar with the requirements of the U.S. Department of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*.

Officials’ Response: Already in file.

**CITY OF IRONTON
LAWRENCE COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2012

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)
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FINDING NUMBER 2012-006

CFDA Title Numbers	Highway Planning and Construction CFDA # 20.205
Federal Award Number	N/A
Federal Agencies	U.S. Department of Highway Planning & Construction
Pass-Through Agencies	Ohio Department of Transportation

Material Weakness – Schedule of Expenditures of Federal Awards

In accordance with U.S Office of Management and Budget OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* , management is responsible for identifying all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. We noted a major federal program that was not included in the Schedule of Expenditures of Federal Awards provided by the City that was presented for audit.

The final Schedule of Expenditures of Federal Awards has been corrected. The City should develop policies and procedures to ensure the Schedule of Expenditures of Federal Awards is complete and accurate.

Officials' Response: Already in file.

**CITY OF IRONTON
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
FOR THE YEAR ENDED DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2011-001	The City did not file annual financial statements within 150 days	No	Reissued as Finding # 2012-001
2011-002	The City had capital asset deficiencies	No	Reissued as Finding # 2012-002
2011-003	The City's revolving loan fund was not under control of the City.	No	Reissued as Finding # 2012-004
2011-004	The City did not timely file the A-133 Federal Single Audit package timely	No	Reissued as Finding # 2012-005

**CITY OF IRONTON
LAWRENCE COUNTY
DECEMBER 31, 2012**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-004	The Finance Director will follow-up with officials at the Ironton-Lawrence County Community Action Organization regarding possession of funds for the Revolving Loan Fund administered by them.	12/31/2013	Kristen Martin, Finance Director
2012-005	The Finance Director will follow up with staff to close year end balances to meet filing deadlines.	12/31/2013	Kristen Martin, Finance Director
2012-006	The Finance Director will perform a detailed review of the Schedule of Expenditures of Federal Awards	12/31/2013	Kristen Martin, Finance Director



Dave Yost • Auditor of State

CITY OF IRONTON

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 10, 2015**