



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CITY OF IRONTON  
LAWRENCE COUNTY  
DECEMBER 31, 2023**

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CITY OF IRONTON  
LAWRENCE COUNTY  
DECEMBER 31, 2023

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the modified cash-basis financial statements of the governmental activities, business-type activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in modified cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the modified cash-basis of accounting described in Note 1.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter - Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

***Other Information***

We applied no procedures to management's discussion & analysis and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
September 10, 2024

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# **CITY OF IRONTON, OHIO**

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## ***Management's Discussion and Analysis For the Year Ended December 31, 2023***

***Unaudited***

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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, 2023. 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 2023 are as follows:

- ❑ In total, net position decreased \$1,131,369. Net position of governmental activities decreased \$2,162,525, or approximately 27%. Net position of business-type activities increased \$1,031,156 or approximately 36%.
- ❑ General receipts accounted for \$6,474,330, or 35% of all receipts. Program specific receipts in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$12,030,837 or 65% of total receipts of \$18,505,167.
- ❑ The City had \$11,708,731 in disbursements related to governmental activities; only \$4,229,403 of these disbursements were offset by program specific charges for services and sales, operating grants and contributions, and capital grants and contributions. General receipts of \$6,338,142 were not adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$7,767,195 in receipts and \$7,254,621 in disbursements. The general fund's fund balance decreased \$617,289.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the City's modified cash basis of accounting.

### **Report Components**

The statement of net position and the statement of activities provide information about the modified cash activities of the City as a whole. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the City as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns. The notes to the financial statements are an integral part of the City's government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

# CITY OF IRONTON, OHIO

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## *Management's Discussion and Analysis For the Year Ended December 31, 2023*

*Unaudited*

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### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The City has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the City's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

### **Government-Wide Statements**

The statement of net position and the statement of activities reflect how the City did financially during the year, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the City at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts and interest are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the City's general receipts. These statements report the City's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the City's financial health. Over time, increases or decreases in the City's cash position is one indicator of whether the City's financial health is improving or deteriorating. When evaluating the City's financial condition, you should also consider other nonfinancial factors such as the City's property tax base, the condition of the City's capital assets, the extent of the City's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local receipt sources such as property taxes.

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 costs of the goods or services provided. The City's water, sewer, refuse collection, and storm water services are reported as business-type activities.

### **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.

## CITY OF IRONTON, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2023**

**Unaudited**

**Governmental Funds** – Most of the City's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the City's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the City's programs. The City's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. 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.

**Proprietary Funds** – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. When the services are provided to other departments of the City, the service is reported as an internal service fund.

**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 statements 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 Net Position and Statement of Changes in Fiduciary Net Position.

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position at December 31, 2023 and 2022:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Pooled Cash and Investments	\$5,726,687	\$7,889,212	\$3,148,021	\$2,156,011	\$8,874,708	\$10,045,223
Cash and Cash Equivalents	0	0	746,808	707,662	746,808	707,662
Total Assets	<u>5,726,687</u>	<u>7,889,212</u>	<u>3,894,829</u>	<u>2,863,673</u>	<u>9,621,516</u>	<u>10,752,885</u>
Net Position:						
Restricted	3,253,374	4,677,311	746,808	707,662	4,000,182	5,384,973
Unrestricted	2,473,313	3,211,901	3,148,021	2,156,011	5,621,334	5,367,912
Total Net Position	<u>\$5,726,687</u>	<u>\$7,889,212</u>	<u>\$3,894,829</u>	<u>\$2,863,673</u>	<u>\$9,621,516</u>	<u>\$10,752,885</u>

## CITY OF IRONTON, OHIO

### Management's Discussion and Analysis For the Year Ended December 31, 2023

*Unaudited*

**Changes in Net Position** – The following table shows the changes in net position for 2023 and 2022:

	Governmental Activities		Business-type Activities		Total	Total
	2023	2022	2023	2022	2023	2022
Receipts						
Program Receipts:						
Charges for Services and Sales	\$2,664,874	\$2,708,538	\$6,724,660	\$6,492,820	\$9,389,534	\$9,201,358
Operating Grants and Contributions	1,203,674	1,624,096	0	0	1,203,674	1,624,096
Capital Grants and Contributions	360,855	0	1,076,774	0	1,437,629	0
Total Program Receipts	<u>4,229,403</u>	<u>4,332,634</u>	<u>7,801,434</u>	<u>6,492,820</u>	<u>12,030,837</u>	<u>10,825,454</u>
General Receipts:						
Taxes	5,238,191	4,043,031	0	0	5,238,191	4,043,031
Intergovernmental, Unrestricted	490,439	487,458	0	0	490,439	487,458
Investment Earnings	250,084	33,997	136,188	13,792	386,272	47,789
Sale of Assets	0	599,839	0	0	0	599,839
Miscellaneous	359,428	747,084	0	0	359,428	747,084
Total General Receipts	<u>6,338,142</u>	<u>5,911,409</u>	<u>136,188</u>	<u>13,792</u>	<u>6,474,330</u>	<u>5,925,201</u>
Total Receipts	<u>10,567,545</u>	<u>10,244,043</u>	<u>7,937,622</u>	<u>6,506,612</u>	<u>18,505,167</u>	<u>16,750,655</u>
Program Disbursements						
Security of Persons and Property	4,738,516	4,167,737	0	0	4,738,516	4,167,737
Public Health and Welfare Services	65,653	43,629	0	0	65,653	43,629
Leisure Time Activities	166,319	141,431	0	0	166,319	141,431
Community Environment	296,946	274,464	0	0	296,946	274,464
Transportation	884,386	687,680	0	0	884,386	687,680
General Government	3,141,006	2,488,388	0	0	3,141,006	2,488,388
Capital Outlay	1,923,326	3,293,118	0	0	1,923,326	3,293,118
Debt Service:						
Principal Retirement	335,284	467,514	0	0	335,284	467,514
Interest and Fiscal Charges	157,295	166,014	0	0	157,295	166,014
Water	0	0	3,276,608	2,645,418	3,276,608	2,645,418
Sewer	0	0	2,553,565	1,925,568	2,553,565	1,925,568
Sanitation	0	0	849,802	726,778	849,802	726,778
Storm Water	0	0	1,247,830	724,703	1,247,830	724,703
Total Disbursements	<u>11,708,731</u>	<u>11,729,975</u>	<u>7,927,805</u>	<u>6,022,467</u>	<u>19,636,536</u>	<u>17,752,442</u>
Change in Net Position						
Before Transfers and Advances	(1,141,186)	(1,485,932)	9,817	484,145	(1,131,369)	(1,001,787)
Transfers and Advances	<u>(1,021,339)</u>	<u>23,655</u>	<u>1,021,339</u>	<u>(23,655)</u>	<u>0</u>	<u>0</u>
Change in Net Position	<u>(2,162,525)</u>	<u>(1,462,277)</u>	<u>1,031,156</u>	<u>460,490</u>	<u>(1,131,369)</u>	<u>(1,001,787)</u>
Beginning Net Position	<u>7,889,212</u>	<u>9,351,489</u>	<u>2,863,673</u>	<u>2,403,183</u>	<u>10,752,885</u>	<u>11,754,672</u>
Ending Net Position	<u>\$5,726,687</u>	<u>\$7,889,212</u>	<u>\$3,894,829</u>	<u>\$2,863,673</u>	<u>\$9,621,516</u>	<u>\$10,752,885</u>

## CITY OF IRONTON, OHIO

**Management’s Discussion and Analysis  
For the Year Ended December 31, 2023**

**Unaudited**

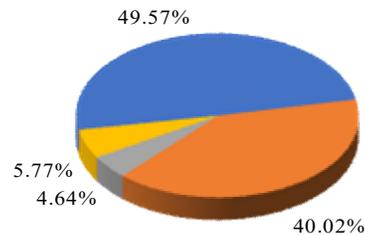
**Governmental Activities**

Net position of the City’s Governmental Activities decreased \$2,162,525. An overall decrease in operating grants and contributions can be attributed to Local Fiscal Recovery funds received in the prior year. A decrease in receipts for the sale of assets and miscellaneous receipts can be attributed to amounts received in the prior year for the sale of a City owned radio tower as well as amounts received for the lease of property to the Lawrence County Port Authority, respectively. Outlays for improvements to the Wolohan building in the prior year resulted in a subsequent decrease in capital outlay in the current year. Overall, disbursements were consistent with the prior year.

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 50% of receipts for governmental activities in 2023. The City’s reliance upon tax receipts is demonstrated by the following graph:

Receipts	2023	Percent of Total
Taxes	\$5,238,191	49.57%
Program Receipts	4,229,403	40.02%
Intergovernmental, Unrestricted	490,439	4.64%
General Other	609,512	5.77%
Total Receipts	<u>\$10,567,545</u>	<u>100.00%</u>



**Business-type Activities**

Net position of the City’s business-type activities increased \$1,031,156. Charges for services and sales were consistent with the prior year. Capital grants consisted of amounts received from the Ohio Water Development Authority for a sanitary sewer separation project. An increase in disbursements can be attributed to costs for various equipment replacement, engineering, and maintenance services.

**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

The City’s governmental funds reported a combined fund balance of \$5,713,716, which is a decrease from last year’s balance of \$7,880,309. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2023 and 2022:

	Fund Balance December 31, 2023	Fund Balance December 31, 2022	Increase (Decrease)
General	\$2,078,036	\$2,695,325	(\$617,289)
Road and Bridge Improvements	574,904	2,156,673	(1,581,769)
Other Governmental	3,060,776	3,028,311	32,465
Total	<u>\$5,713,716</u>	<u>\$7,880,309</u>	<u>(\$2,166,593)</u>

## **CITY OF IRONTON, OHIO**

***Management's Discussion and Analysis  
For the Year Ended December 31, 2023***

***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:

	2023	2022	Increase
	<u>Receipts</u>	<u>Receipts</u>	<u>(Decrease)</u>
Taxes	\$4,664,307	\$3,498,757	\$1,165,550
Intergovernmental Receipts	476,651	1,017,653	(541,002)
Charges for Services	1,963,925	1,826,788	137,137
Licenses and Permits	41,720	37,778	3,942
Investment Earnings	131,810	19,339	112,471
Fines and Forfeitures	277,689	282,397	(4,708)
All Other Receipts	211,093	557,888	(346,795)
Total	<u>\$7,767,195</u>	<u>\$7,240,600</u>	<u>\$526,595</u>

General Fund receipts increased \$526,595, or approximately 7%. An increase in taxes can be attributed to an increase in income taxes, which was the result of a one-time payment received in 2023. Local Fiscal Recovery funds received through the American Rescue Plan Act in the prior year resulted in a subsequent decrease in intergovernmental receipts in 2023. Amounts received for the lease of property to the Lawrence County Port Authority in the prior fiscal year resulted in the subsequent decrease in all other receipts in 2023. An increase in investment earnings can be attributed to an increase in interest rates.

	2023	2022	Increase
	<u>Disbursements</u>	<u>Disbursements</u>	<u>(Decrease)</u>
Current:			
Security of Persons and Property	\$3,955,678	\$3,508,156	\$447,522
Public Health and Welfare Services	54,838	43,629	11,209
Community Environment	23,483	77,731	(54,248)
General Government	2,881,062	1,956,800	924,262
Capital Outlay	92,889	1,265,799	(1,172,910)
Debt Service:			
Principal Retirement	167,847	267,007	(99,160)
Interest and Fiscal Charges	78,824	84,771	(5,947)
Total	<u>\$7,254,621</u>	<u>\$7,203,893</u>	<u>\$50,728</u>

Overall, General Fund disbursements remained stable, increasing \$50,728, or less than 1%. Outlays for improvements to the Wolohan building in the prior year resulted in a subsequent decrease in capital outlay in 2023. This was offset by a \$500,000 loan to the Lawrence County Port Authority as well as the purchase of a rescue truck.

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.

# CITY OF IRONTON, OHIO

## Management's Discussion and Analysis For the Year Ended December 31, 2023

Unaudited

For the General Fund, final revenue estimates of \$7.1 million were 21% higher than original estimates due to an increase in income tax collections. Actual budget basis receipts of \$7.1 million were not significantly different from final budget estimates. Actual budget basis disbursements of \$7.1 million did not significantly change from original or final budget estimates. The General Fund actual fund balance at year end was \$1,312,785.

### DEBT ADMINISTRATION

The following table summarizes the City's debt outstanding as of December 31, 2023 and 2022:

	2023	2022
Business-Type Activities:		
Ohio Water Development Authority Loans	\$641,071	\$669,452
Ohio Public Works Commission Loans	116,634	136,315
Revenue Bonds	8,135,000	8,480,000
Installment Loans	69,882	103,004
General Obligation Bonds	852,897	1,231,596
Total Business-Type Activities	<u>9,815,484</u>	<u>10,620,367</u>
Governmental Activities:		
General Obligation Bonds	5,215,000	5,485,000
Installment Loans	250,461	315,745
Police and Firemen's Accrued Pension	262,996	280,497
Total Governmental Activities	<u>5,728,457</u>	<u>6,081,242</u>
Totals	<u>\$15,543,941</u>	<u>\$16,701,609</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, 2023, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 8.

### 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. 3<sup>rd</sup> St. – 2<sup>nd</sup> Floor, PO Box 704, Ironton, Ohio 45638.

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## **CITY OF IRONTON, OHIO**

### **Statement of Net Position – Modified Cash Basis December 31, 2023**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Pooled Cash and Investments	\$ 5,726,687	\$ 3,148,021	\$ 8,874,708
Restricted Assets:			
Cash and Investments	0	697,420	697,420
Cash and Investments with Fiscal Agent	0	49,388	49,388
<b>Total Assets</b>	<b>5,726,687</b>	<b>3,894,829</b>	<b>9,621,516</b>
<b>Net Position:</b>			
Restricted For:			
Capital Projects	574,904	0	574,904
Debt Service	3,571	746,808	750,379
Streets and Highways	478,455	0	478,455
Security of Persons and Property	1,733,138	0	1,733,138
Other Purposes	463,306	0	463,306
Unrestricted	2,473,313	3,148,021	5,621,334
<b>Total Net Position</b>	<b>\$ 5,726,687</b>	<b>\$ 3,894,829</b>	<b>\$ 9,621,516</b>

See accompanying notes to the basic financial statements

## CITY OF IRONTON, OHIO

### Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2023

	Disbursements	Program Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 4,738,516	\$ 1,127,094	\$ 56,243	\$ 156,655
Public Health and Welfare Services	65,653	0	35,303	0
Leisure Time Activities	166,319	9,945	0	0
Community Environment	296,946	423	7,014	0
Transportation	884,386	0	822,298	204,200
General Government	3,141,006	1,527,412	282,816	0
Capital Outlay	1,923,326	0	0	0
Principal Retirement	335,284	0	0	0
Interest and Fiscal Charges	157,295	0	0	0
<b>Total Governmental Activities</b>	<b>11,708,731</b>	<b>2,664,874</b>	<b>1,203,674</b>	<b>360,855</b>
<b>Business-Type Activities:</b>				
Water	3,276,608	2,798,722	0	0
Sewer	2,553,565	2,388,187	0	110,068
Sanitation	849,802	871,609	0	0
Storm Water	1,247,830	666,142	0	966,706
<b>Total Business-Type Activities</b>	<b>7,927,805</b>	<b>6,724,660</b>	<b>0</b>	<b>1,076,774</b>
<b>Totals</b>	<b>\$ 19,636,536</b>	<b>\$ 9,389,534</b>	<b>\$ 1,203,674</b>	<b>\$ 1,437,629</b>

#### General Receipts, Transfers, and Advances

Property Taxes
Municipal Income Taxes
Other Local Taxes
Intergovernmental, Unrestricted
Investment Earnings
Miscellaneous
Transfers
Advances
Total General Receipts, Transfers, and Advances
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 (Disbursements) Receipts  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (3,398,524)	\$ 0	\$ (3,398,524)
(30,350)	0	(30,350)
(156,374)	0	(156,374)
(289,509)	0	(289,509)
142,112	0	142,112
(1,330,778)	0	(1,330,778)
(1,923,326)	0	(1,923,326)
(335,284)	0	(335,284)
(157,295)	0	(157,295)
<u>(7,479,328)</u>	<u>0</u>	<u>(7,479,328)</u>
0	(477,886)	(477,886)
0	(55,310)	(55,310)
0	21,807	21,807
0	385,018	385,018
0	(126,371)	(126,371)
<u>\$ (7,479,328)</u>	<u>\$ (126,371)</u>	<u>\$ (7,605,699)</u>
882,648	0	882,648
4,189,685	0	4,189,685
165,858	0	165,858
490,439	0	490,439
250,084	136,188	386,272
359,428	0	359,428
23,661	(23,661)	0
<u>(1,045,000)</u>	<u>1,045,000</u>	<u>0</u>
<u>5,316,803</u>	<u>1,157,527</u>	<u>6,474,330</u>
(2,162,525)	1,031,156	(1,131,369)
7,889,212	2,863,673	10,752,885
<u>\$ 5,726,687</u>	<u>\$ 3,894,829</u>	<u>\$ 9,621,516</u>

**CITY OF IRONTON, OHIO**

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**Balance Sheet – Modified Cash Basis  
Governmental Funds  
December 31, 2023**

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	General	Road and Bridge Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Pooled Cash and Investments	\$ 2,078,036	\$ 574,904	\$ 3,060,776	\$ 5,713,716
<b>Total Assets</b>	<b>\$ 2,078,036</b>	<b>\$ 574,904</b>	<b>\$ 3,060,776</b>	<b>\$ 5,713,716</b>
<b>Fund Balances:</b>				
Restricted	\$ 0	\$ 574,904	\$ 2,678,470	\$ 3,253,374
Committed	404,589	0	0	404,589
Assigned	970,165	0	382,306	1,352,471
Unassigned	703,282	0	0	703,282
<b>Total Fund Balances</b>	<b>\$ 2,078,036</b>	<b>\$ 574,904</b>	<b>\$ 3,060,776</b>	<b>\$ 5,713,716</b>

See accompanying notes to the basic financial statements

**CITY OF IRONTON, OHIO**

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***Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities - Modified Cash Basis  
December 31, 2023***

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**Total Governmental Fund Balances** \$ 5,713,716

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

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 included in governmental activities in the statement of net position.

Internal Service Net Position

12,971

***Net Position of Governmental Activities***

\$ 5,726,687

See accompanying notes to the basic financial statements

## CITY OF IRONTON, OHIO

### *Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis Governmental Funds For the Year Ended December 31, 2023*

	General	Road and Bridge Improvements	Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>				
Taxes	\$ 4,664,307	\$ 0	\$ 573,884	\$ 5,238,191
Intergovernmental Receipts	476,651	204,200	1,374,117	2,054,968
Charges for Services	1,963,925	0	328,859	2,292,784
Licenses and Permits	41,720	0	0	41,720
Investment Earnings	131,810	0	118,274	250,084
Fines and Forfeitures	277,689	0	52,681	330,370
All Other Receipts	211,093	0	148,335	359,428
<b>Total Receipts</b>	<b>7,767,195</b>	<b>204,200</b>	<b>2,596,150</b>	<b>10,567,545</b>
<b>Disbursements:</b>				
Current:				
Security of Persons and Property	3,955,678	0	782,838	4,738,516
Public Health and Welfare Services	54,838	0	10,815	65,653
Leisure Time Activities	0	0	166,319	166,319
Community Environment	23,483	0	273,463	296,946
Transportation	0	0	884,386	884,386
General Government	2,881,062	0	264,012	3,145,074
Capital Outlay	92,889	1,785,969	44,468	1,923,326
Debt Service:				
Principal Retirement	167,847	0	167,437	335,284
Interest and Fiscal Charges	78,824	0	78,471	157,295
<b>Total Disbursements</b>	<b>7,254,621</b>	<b>1,785,969</b>	<b>2,672,209</b>	<b>11,712,799</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	512,574	(1,581,769)	(76,059)	(1,145,254)
<b>Other Financing Sources (Uses):</b>				
Transfers In	24,347	0	9,210	33,557
Transfers Out	(9,210)	0	(686)	(9,896)
Advances In	215,000	0	100,000	315,000
Advances Out	(1,360,000)	0	0	(1,360,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,129,863)</b>	<b>0</b>	<b>108,524</b>	<b>(1,021,339)</b>
Net Change in Fund Balances	(617,289)	(1,581,769)	32,465	(2,166,593)
<b>Fund Balances at Beginning of Year</b>	<b>2,695,325</b>	<b>2,156,673</b>	<b>3,028,311</b>	<b>7,880,309</b>
<b>Fund Balances End of Year</b>	<b>\$ 2,078,036</b>	<b>\$ 574,904</b>	<b>\$ 3,060,776</b>	<b>\$ 5,713,716</b>

See accompanying notes to the basic financial statements

**CITY OF IRONTON, OHIO**

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***Reconciliation of the Statement of Receipts, Disbursements and  
Changes in Fund Balances of Governmental Funds  
To the Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2023***

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**Net Change in Fund Balances - Total Governmental Funds** \$(2,166,593)

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

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 disbursements and related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service funds are allocated among the governmental activities.

Change in Net Position - Internal Service Funds

4,068

***Change in Net Position of Governmental Activities***

\$(2,162,525)

See accompanying notes to the basic financial statements

## CITY OF IRONTON, OHIO

**Statement of Receipts, Disbursements and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts:</b>				
Taxes	\$ 3,455,735	\$ 4,592,205	\$ 4,580,281	\$ (11,924)
Intergovernmental Receipts	432,645	459,450	459,462	12
Charges for Services	1,292,525	1,452,225	1,467,668	15,443
Licenses and Permits	64,070	41,920	41,720	(200)
Investment Earnings	21,300	83,770	108,126	24,356
Fines and Forfeitures	282,840	280,675	280,667	(8)
All Other Receipts	298,790	167,480	169,199	1,719
Total Receipts	<u>5,847,905</u>	<u>7,077,725</u>	<u>7,107,123</u>	<u>29,398</u>
<b>Disbursements:</b>				
Current:				
Security of Persons and Property	3,782,389	3,671,871	3,596,600	75,271
Public Health and Welfare Services	43,060	55,300	54,838	462
General Government	2,487,733	3,103,686	3,047,371	56,315
Capital Outlay	147,190	217,665	207,404	10,261
Debt Service:				
Principal Retirement	165,580	165,580	165,579	1
Total Disbursements	<u>6,625,952</u>	<u>7,214,102</u>	<u>7,071,792</u>	<u>142,310</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(778,047)	(136,377)	35,331	171,708
<b>Other Financing Sources (Uses):</b>				
Transfers In	275,690	275,690	275,686	(4)
Transfers Out	0	(9,210)	(9,210)	0
Advances In	385,000	215,000	215,000	0
Advances Out	(500,000)	(1,600,000)	(1,600,000)	0
Total Other Financing Sources (Uses):	<u>160,690</u>	<u>(1,118,520)</u>	<u>(1,118,524)</u>	<u>(4)</u>
Net Changes in Fund Balance	(617,357)	(1,254,897)	(1,083,193)	171,704
Fund Balance at Beginning of Year	2,218,206	2,218,206	2,218,206	0
Prior Year Encumbrances	177,772	177,772	177,772	0
Fund Balance at End of Year	<u>\$ 1,778,621</u>	<u>\$ 1,141,081</u>	<u>\$ 1,312,785</u>	<u>\$ 171,704</u>

See accompanying notes to the basic financial statements

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**CITY OF IRONTON, OHIO**

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**Statement of Net Position – Modified Cash Basis  
Proprietary Funds  
December 31, 2023**

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	Business-Type Activities			
	Enterprise Funds			
	Water	Sewer	Sanitation	Storm Water
<b>Assets:</b>				
<i>Current Assets:</i>				
Pooled Cash and Investments	\$ 950,297	\$ 939,863	\$ 237,415	\$ 1,020,446
<i>Restricted Assets:</i>				
Cash and Investments	0	348,710	0	348,710
Cash and Investments with Fiscal Agent	0	24,694	0	24,694
<b>Total Assets</b>	<u>950,297</u>	<u>1,313,267</u>	<u>237,415</u>	<u>1,393,850</u>
<b>Net Position:</b>				
<i>Restricted For:</i>				
Debt Service	0	373,404	0	373,404
Unrestricted	950,297	939,863	237,415	1,020,446
<b>Total Net Position</b>	<u>\$ 950,297</u>	<u>\$ 1,313,267</u>	<u>\$ 237,415</u>	<u>\$ 1,393,850</u>

See accompanying notes to the basic financial statements

**CITY OF IRONTON, OHIO**

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<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 3,148,021	\$ 12,971
697,420	0
49,388	0
<u>3,894,829</u>	<u>12,971</u>
746,808	0
3,148,021	12,971
<u>\$ 3,894,829</u>	<u>\$ 12,971</u>

## CITY OF IRONTON, OHIO

***Statement of Receipts, Disbursements and Changes in  
Fund Net Position – Modified Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2023***

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Operating Receipts:</b>			
Charges for Services	\$ 2,711,365	\$ 2,365,167	\$ 854,754
Other Operating Receipts	0	0	0
<b>Total Operating Receipts</b>	2,711,365	2,365,167	854,754
<b>Operating Disbursements:</b>			
Personal Services	1,342,027	925,024	485,503
Contractual Services	752,851	675,903	237,690
Materials and Supplies	36,555	32,785	41,493
Other Operating Disbursements	6,719	0	0
Capital Outlay	882,592	522,766	48,267
<b>Total Operating Disbursements</b>	3,020,744	2,156,478	812,953
Operating Income (Loss)	(309,379)	208,689	41,801
<b>Nonoperating Receipts (Disbursements):</b>			
Investment Earnings	49,713	54,607	13,986
Interest Charges	(27,483)	(148,138)	(3,727)
Principal Retirement	(228,381)	(248,949)	(33,122)
Other Nonoperating Receipts	87,357	23,020	16,855
<b>Total Nonoperating Receipts (Disbursements)</b>	(118,794)	(319,460)	(6,008)
Income (Loss) Before Transfers, Advances, and Capital Contributions	(428,173)	(110,771)	35,793
<b>Transfers, Advances, and Capital Contributions:</b>			
Transfers In	24,144	0	0
Transfers Out	(22,575)	(16,072)	0
Advances In	400,000	860,000	0
Advances Out	0	(215,000)	0
Capital Contributions	0	110,068	0
<b>Total Transfers, Advances, and Capital Contributions</b>	401,569	738,996	0
Change in Net Position	(26,604)	628,225	35,793
Net Position Beginning of Year	976,901	685,042	201,622
Net Position End of Year	\$ 950,297	\$ 1,313,267	\$ 237,415

See accompanying notes to the basic financial statements

**CITY OF IRONTON, OHIO**

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Storm Water	Total	Governmental Activities - Internal Service Funds
\$ 663,951	\$ 6,595,237	\$ 0
<u>0</u>	<u>0</u>	<u>27,002</u>
663,951	6,595,237	27,002
63,246	2,815,800	0
595,161	2,261,605	0
2,037	112,870	22,934
0	6,719	0
<u>137,259</u>	<u>1,590,884</u>	<u>0</u>
797,703	6,787,878	22,934
(133,752)	(192,641)	4,068
17,882	136,188	0
(155,696)	(335,044)	0
(294,431)	(804,883)	0
<u>2,191</u>	<u>129,423</u>	<u>0</u>
(430,054)	(874,316)	0
(563,806)	(1,066,957)	4,068
0	24,144	0
(9,158)	(47,805)	0
0	1,260,000	0
0	(215,000)	0
<u>966,706</u>	<u>1,076,774</u>	<u>0</u>
957,548	2,098,113	0
393,742	1,031,156	4,068
1,000,108	2,863,673	8,903
<u>\$ 1,393,850</u>	<u>\$ 3,894,829</u>	<u>\$ 12,971</u>

**CITY OF IRONTON, OHIO**

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***Statement of Net Position – Modified Cash Basis  
Fiduciary Funds  
December 31, 2023***

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	<u>Custodial Fund</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 14,154
<b>Total Assets</b>	<u>14,154</u>
<b>Net Position:</b>	
Unrestricted	<u>14,154</u>
<b>Total Net Position</b>	<u>\$ 14,154</u>

See accompanying notes to the basic financial statements

**CITY OF IRONTON, OHIO**

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**Statement of Changes in Net Position – Modified Cash Basis  
Fiduciary Funds  
For the Year Ended December 31, 2023**

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	<u>Custodial Fund</u>
<b>Additions:</b>	
Collections of Fines and Forfeitures for Other Governments	\$ 386,928
Total Additions	<u>386,928</u>
<b>Deductions:</b>	
Distribution of Fines and Forfeitures to Other Governments	<u>387,565</u>
Total Deductions	<u>387,565</u>
Change in Net Position	(637)
Net Position at Beginning of Year	<u>14,791</u>
Net Position End of Year	<u>\$ 14,154</u>

See accompanying notes to the basic financial statements

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## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **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.

##### **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 reports no component units.

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.

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 12.

As discussed further in the Basis of Accounting Portion of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The following is a summary of the City’s significant accounting policies.

## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **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. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

##### ***Governmental Funds***

The City classifies funds financed primarily by taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds.

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.

Road and Bridge Improvements Fund - This fund is used to account for bond proceeds to be used for various road and bridge improvements.

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## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting (Continued)**

###### ***Proprietary Funds***

The City classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

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 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 custodial funds. Trust 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. The City does not have any trust funds. Custodial 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 has one custodial fund, which accounts for municipal court collections that are distributed to the state and various local governments.

# **CITY OF IRONTON, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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### **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” receipts and disbursements. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the modified cash balances of the governmental and business-type activities of the City at year end. The government-wide statement of activities presents a comparison between direct disbursements and program receipts for each segment of the business-type activities of the City and for each function or program of the City’s governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the City, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the City.

##### ***Fund Financial Statements***

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

#### **D. Basis of Accounting**

The City’s financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the City’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **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. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount City Council may appropriate.

All funds other than custodial 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 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.

##### **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 2023. The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the City Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by City Council.

# CITY OF IRONTON, OHIO

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## *Notes to the Basic Financial Statements For the Year Ended December 31, 2023*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **E. Budgetary Process** (Continued)

##### **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 Receipts, Disbursements, and Changes in Fund Balances--Budget and Actual" are presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by City Council during the year.

##### **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.

##### **5. Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

**CITY OF IRONTON, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the modified cash basis statements to the budgetary basis statements for the General Fund:

Net Change in Fund Balance	
	General Fund
Cash Basis (as reported)	(\$617,289)
Perspective Difference-	
Budgeted Special Revenue Funds	
Reclassified as General Fund	(175,735)
Municipal Court Collections	
Recorded in General Fund	2,978
Encumbrances	(293,147)
Budget Basis	(\$1,083,193)

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## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **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.

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. See Note 3 "Cash, Cash Equivalents and Investments."

##### **G. Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively. The City reports its investments at cost. The City allocates interest among various funds based upon applicable legal and administrative requirements. See Note 3 "Cash, Cash Equivalents and Investments."

##### **H. Inventory and Prepaid Items**

The City reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

##### **I. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

##### **J. Long-Term Obligations**

The City's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

##### **K. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the City's modified cash basis of accounting.

## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **L. Net Position**

Net position is reported as restricted when there are limitations imposed on their 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 include resources restricted for recreation and economic development.

The City applies restricted resources when a disbursement is made for purposes for which both restricted and unrestricted net position is available.

##### **M. Pension/OPEB**

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

The City recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

##### **N. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated. Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

## **CITY OF IRONTON, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **O. 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. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

*Committed* – 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. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – 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. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute.

# CITY OF IRONTON, OHIO

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## *Notes to the Basic Financial Statements For the Year Ended December 31, 2023*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **O. Fund Balances** (Continued)

*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. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

#### **P. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

A bond reserve account is reported as restricted cash in the financial statements.

#### **Q. Operating Receipts and Disbursements**

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts are those receipts that are generated directly from the primary activity of the proprietary funds. For the City, these receipts 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 disbursements are necessary costs incurred to provide the good or service that is the primary activity of the fund. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

#### **R. Leases**

The City is the lessor in various leases related to buildings under noncancelable leases. Lease receivables/deferred inflows of resources and intangible right to use asset/lease payables are not reflected under the City's modified cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

#### **S. Settlement Monies**

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$34,448 are reflected as intergovernmental revenue in the Opioid Fund in the accompanying financial statements.

## **CITY OF IRONTON, OHIO**

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

#### **NOTE 2 – 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	Road and Bridge Improvements	Other Governmental Funds	Total Governmental Funds
<b>Restricted:</b>				
Flood Wall	\$0	\$0	\$758,526	\$758,526
Police and Fire Pension	0	0	69,745	69,745
Police Department Operations	0	0	79,072	79,072
Street Improvements	0	0	478,455	478,455
Recreation Programs	0	0	42,986	42,986
Drug and Alcohol Treatment	0	0	292,196	292,196
FEMA Programs	0	0	4,262	4,262
Municipal Court	0	0	560,649	560,649
Community Development	0	0	197,320	197,320
Economic Development	0	0	191,688	191,688
Debt Service	0	0	3,571	3,571
Capital Improvements	0	574,904	0	574,904
<b>Total Restricted</b>	<b>0</b>	<b>574,904</b>	<b>2,678,470</b>	<b>3,253,374</b>
<b>Committed:</b>				
Community Development	184,604	0	0	184,604
Fire Department	219,985	0	0	219,985
<b>Total Committed</b>	<b>404,589</b>	<b>0</b>	<b>0</b>	<b>404,589</b>
<b>Assigned:</b>				
Capital Improvements	0	0	379,128	379,128
Community Development	0	0	3,178	3,178
Other Purposes	970,165	0	0	970,165
<b>Total Assigned</b>	<b>970,165</b>	<b>0</b>	<b>382,306</b>	<b>1,352,471</b>
Unassigned (Deficits):	703,282	0	0	703,282
<b>Total Fund Balances</b>	<b>\$2,078,036</b>	<b>\$574,904</b>	<b>\$3,060,776</b>	<b>\$5,713,716</b>

#### **NOTE 3 - 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***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 3 - 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts. 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, and government national mortgage 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;
- Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
- Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
- Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
- 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).

## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 3 - 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 the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At December 31, 2023, one of the City's financial institutions still maintained their own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

At year end the carrying amount of the City's deposits was \$5,916,502 and the bank balance was \$6,240,517. Federal depository insurance covered \$3,668,857 of the bank balance and \$2,571,660 was uninsured and collateralized with securities held by the pledging institutions trust department not in the City's name.

## CITY OF IRONTON, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2023*

#### NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

##### **B. Investments**

The City's investments at December 31, 2023 were as follows:

	Fair Value	Credit Rating	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years)		
					less than 1	1-3	3-5
Marketable CD's	\$1,198,874	AAA <sup>3</sup>	Level 2	32.23%	\$1,198,874	\$0	\$0
US Treasury Notes	2,245,870	AA+ <sup>1</sup> /Aaa <sup>2</sup>	Level 2	60.39%	2,245,870	0	0
FHLB	149,829	AA+ <sup>1</sup> /Aaa <sup>2</sup>	Level 2	4.03%	149,829	0	0
FHLMC	124,595	AA+ <sup>1</sup> /Aaa <sup>2</sup>	Level 2	3.35%	124,595	0	0
<b>Total Investments</b>	<b>\$3,719,168</b>			<b>100.00%</b>	<b>\$3,719,168</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

<sup>3</sup> All are fully FDIC insured and therefore have an implied AAA credit rating

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Investment distribution is detailed in the table above.

*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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

#### NOTE 4 - TAXES

##### **A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2023 were levied after October 1, 2022 on assessed values as of January 1, 2022, 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 2022. 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**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023***

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**NOTE 4 - 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, 2023 was \$5.28 per \$1,000 of assessed value. The assessed value upon which the 2023 tax collections were based was \$198,853,710. This amount constitutes \$185,498,880 in real property assessed value and \$13,354,830 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 .528% (5.28 mills) of assessed value.

***Real Estate Tax Abatements***

As of December 31, 2023, the City provides tax incentives under one (1) program, the Community Reinvestment Area (CRA).

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area. The City authorizes incentives through passage of public ordinances, based upon each businesses investment criteria and through a contractual application process with each business. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located within the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements in specified areas. The City has offered the CRA abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth.

Below is the information relevant to the disclosure of this program for the year ending December 31, 2023.

	<u>Total Amount of Taxes Abated for the Year 2023</u>
<i>Community Reinvestment Area (CRA)</i>	
Retail/Real Estate/Medical	\$31,413
	<u>\$31,413</u>

## **CITY OF IRONTON, OHIO**

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

#### **NOTE 4 - TAXES (Continued)**

##### **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.

#### **NOTE 5 – TRANSFERS AND ADVANCES**

Following is a summary of transfers in and out for all funds for 2023:

Fund	Transfer In	Transfer Out
General Fund	\$24,347	\$9,210
Other Governmental Funds	9,210	686
Total Governmental Funds	33,557	9,896
Water Fund	24,144	22,575
Sewer Fund	0	16,072
Storm Water Fund	0	9,158
Total Proprietary Funds	24,144	47,805
Totals	\$57,701	\$57,701

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. The Sewer Fund and Storm Water Fund transferred \$14,986 and \$9,158, respectively, to the Water Fund for debt service payments. The Water Fund and Sewer Fund transferred \$22,575 and \$1,086, respectively, to the General Fund for debt service payments. In addition, the remaining cash balance in the Municipal Facility Improvements Fund of \$686 was transferred to the General Fund.

Following is a summary of advances for all funds for 2023:

Fund	Advances In	Advances Out
General Fund	\$215,000	\$1,360,000
Other Governmental Funds	100,000	0
Total Governmental Funds	315,000	1,360,000
Water Fund	400,000	0
Sewer Fund	860,000	215,000
Total Proprietary Funds	1,260,000	215,000
Totals	\$1,575,000	\$1,575,000

Advances are used to temporarily provide operating resources to funds with the expectation the resources will be repaid once monies are available in the funds receiving the advance. In 2023 the General Fund advanced \$1,360,000 to various funds to assist with cash flow.

## **CITY OF IRONTON, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 6 – DEFINED BENEFIT PENSION PLANS**

##### ***Net Pension Liability***

The net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

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

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

# CITY OF IRONTON, OHIO

## *Notes to the Basic Financial Statements For the Year Ended December 31, 2023*

### NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

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

**CITY OF IRONTON, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023**

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**NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)**

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2023 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
<b>2023 Actual Contribution Rates</b>			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

\*\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$485,486 for 2023.

## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### ***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

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

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

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

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

## **CITY OF IRONTON, OHIO**

### **Notes to the Basic Financial Statements For the Year Ended December 31, 2023**

#### **NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

	Police	Firefighters
<b>2023 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
<b>2023 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$411,912 for 2023. In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2023, the specific liability of the City has an outstanding balance of \$262,996, payable in semi-annual payments through the year 2035.

#### ***Pension Liabilities***

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$5,781,577	\$6,467,928	\$12,249,505
Proportion of the Net Pension Liability-2023	0.019572%	0.068090%	
Proportion of the Net Pension Liability-2022	0.019536%	0.066951%	
Percentage Change	0.000036%	0.001139%	

#### ***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

## **CITY OF IRONTON, OHIO**

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

#### **NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)**

The total pension liability in the December 31, 2022 and December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2022
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2023. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2021
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2022. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real estate rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant.

## CITY OF IRONTON, OHIO

### *Notes to the Basic Financial Statements* *For the Year Ended December 31, 2023*

#### NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
Total	<u>100.00 %</u>	

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$8,660,610	\$5,781,577	\$3,386,739

**CITY OF IRONTON, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023**

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**NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)**

**Actuarial Assumptions – OPF**

OPF’s total pension liability as of December 31, 2022 is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, compared with January 1, 2021, are presented below.

	January 1, 2022	January 1, 2021
Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.25 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

For the January 1, 2022 valuation, mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

For the January 1, 2022 valuation, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

For the January 1, 2022 valuation, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

For the January 1, 2022 valuation, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

## **CITY OF IRONTON, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)**

The most recent experience study was completed for the five year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2022 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	18.60	4.80
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

\* levered 2.5x

Note: Assumptions are geometric

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

## **CITY OF IRONTON, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)**

**Discount Rate** For 2022, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2021 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$8,532,445	\$6,467,928	\$4,751,695

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## *CITY OF IRONTON, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2023*

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#### **NOTE 7 - DEFINED BENEFIT OPEB PLANS**

##### *Net OPEB Liability (Asset)*

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The net OPEB liability (asset) is not reported on the face of the financial statements, but rather is disclosed in the notes because of the use of the modified cash basis framework.

## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

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

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)**

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)**

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2023. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2023.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75. OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

## **CITY OF IRONTON, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)**

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions 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 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$9,691 for 2023.

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$120,366	\$484,784	\$605,150
Proportion of the Net OPEB Liability-2023	0.019090%	0.068090%	
Proportion of the Net OPEB Liability-2022	<u>0.019084%</u>	<u>0.066951%</u>	
Percentage Change	<u>0.000006%</u>	<u>0.001139%</u>	

## **CITY OF IRONTON, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)**

##### ***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	5.22 percent
Prior measurement date	6.00 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	4.05 percent
Prior measurement date	1.84 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2036
Prior measurement date	5.5 percent initial, 3.5 percent ultimate in 2034
Actuarial Cost Method	Individual Entry Age Normal

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

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

**CITY OF IRONTON, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023**

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**NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)**

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6 percent for 2022.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	

**Discount Rate** A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index").

**CITY OF IRONTON, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2023**

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**NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)**

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.22 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability (asset)	\$409,671	\$120,366	(\$118,358)

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	\$112,822	\$120,366	\$128,858

## **CITY OF IRONTON, OHIO**

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

#### **NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)**

##### ***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.25 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.27 percent	2.84 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

For the January 1, 2022 valuation, mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

For the January 1, 2022 valuation, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

## *CITY OF IRONTON, OHIO*

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2023*

#### **NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)**

For the January 1, 2022 valuation, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

For the January 1, 2022 valuation, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five year period ended December 31, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2022 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	18.60	4.80
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
<b>Total</b>	<b><u>125.00 %</u></b>	

\* levered 2.5x

Note: Assumptions are geometric

## CITY OF IRONTON, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2023*

#### **NOTE 7 - DEFINED BENEFIT OPEB PLANS (Continued)**

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.50 percent for 2022, and 7.50 percent for 2021. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.65 percent at December 31, 2022 and 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 4.27 percent for 2022 and 2.84 percent for 2021. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2035. The long-term expected rate of return on health care investments was applied to projected costs through 2035, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$596,966	\$484,784	\$390,074

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

## CITY OF IRONTON, OHIO

### Notes to the Basic Financial Statements For the Year Ended December 31, 2023

#### NOTE 8 - DEBT

The City's debt activity and year end balances at December 31, 2023 is as follows:

				Balance December 31, 2022	Additions	(Reductions)	Balance December 31, 2023	Due Within One Year
<b>Business-Type Activities:</b>								
Ohio Water Development Authority Loans (OWDA):								
2.00%	Water Meter Replacement	2011	\$669,452	\$0	(\$28,381)	\$641,071	\$28,952	
Total Ohio Water Development Authority Loans			669,452	0	(28,381)	641,071	28,952	
Ohio Public Works Commission Loans (OPWC):								
0.00%	Railroad Street Sanitary Sewer	2006	16,875	0	(3,750)	13,125	3,750	
0.00%	Storm Sewer Separation	2013	14,440	0	(931)	13,509	931	
0.00%	Water Storage Improvement	2009	105,000	0	(15,000)	90,000	15,000	
Total Ohio Public Works Commission Loans			136,315	0	(19,681)	116,634	19,681	
Revenue Bonds:								
3.40%	Sewer System Improvement Refunding	2020	8,480,000	0	(345,000)	8,135,000	360,000	
Total Revenue Bonds			8,480,000	0	(345,000)	8,135,000	360,000	
Installment Loans:								
3.56%	Garbage Truck	2021	103,004	0	(33,122)	69,882	34,321	
General Obligation Bonds:								
2.40%	Water Storage Refunding	2019	123,000	0	(123,000)	0	0	
2.40%	Water Facility Improvements	2019	425,000	0	(56,000)	369,000	58,000	
2.40%	Track Hoe	2019	48,000	0	(6,000)	42,000	7,000	
2.35%	Storm Water Improvement	2016	295,000	0	(95,000)	200,000	100,000	
2.40%	Street Sweeper	2019	193,000	0	(26,000)	167,000	26,000	
3.00%	Sewer System Improvement	2019	147,596	0	(72,699)	74,897	74,897	
Total General Obligation Bonds			1,231,596	0	(378,699)	852,897	265,897	
Total Business-Type Activities			\$10,620,367	\$0	(\$804,883)	\$9,815,484	\$708,851	
<b>Governmental Activities:</b>								
General Obligation Bonds:								
1.95%	Fire House/City Center Refunding	2021	694,000	0	(\$59,000)	635,000	59,000	
2.70%	Roadway Improvements	2021	2,188,000	0	(\$96,000)	2,092,000	98,000	
2.65%	Energy Conservation Improvements	2021	2,603,000	0	(\$115,000)	2,488,000	118,000	
Total General Obligation Bonds			5,485,000	0	(270,000)	5,215,000	275,000	
Installment Loans:								
3.50%	Moulten Field Flood System	2017	260,807	0	(52,135)	208,672	55,297	
2.50%	Skid Steer Loader	2021	54,938	0	(13,149)	41,789	13,532	
Total Installment Loans			315,745	0	(65,284)	250,461	68,829	
Police/Fire Accrued Pension Obligations			280,497	0	(17,501)	262,996	18,253	
Total Governmental Activities			\$6,081,242	\$0	(\$352,785)	\$5,728,457	\$362,082	

*Direct Placements and Direct Borrowings* – All outstanding loans and bonds of the City are the result of direct placements and direct borrowings of debt.

## CITY OF IRONTON, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2023*

#### NOTE 8 - DEBT (Continued)

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2023, follows:

Years	OWDA Loans		Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$28,952	\$12,678	\$900,897	\$431,649	\$19,681	\$0
2025	29,533	12,095	848,000	406,264	19,681	0
2026	30,126	11,502	770,000	381,868	19,681	0
2027	30,733	10,897	792,000	359,194	17,807	0
2028	31,350	10,278	821,000	335,822	15,000	0
2029-2033	166,459	41,684	4,014,000	1,317,874	20,589	0
2034-2038	183,875	24,269	4,191,000	696,656	4,195	0
2039-2043	140,043	5,656	1,866,000	88,614	0	0
Totals	<u>\$641,071</u>	<u>\$129,059</u>	<u>\$14,202,897</u>	<u>\$4,017,941</u>	<u>\$116,634</u>	<u>\$0</u>

Years	Police/Fire Accrued Pension Liability		Installment Loans	
	Principal	Interest	Principal	Interest
2024	\$18,253	\$11,737	\$103,150	\$8,930
2025	19,037	10,985	106,770	5,701
2026	19,855	10,201	73,652	2,377
2027	20,707	9,384	36,771	400
2028	21,597	8,531	0	\$0
2029-2033	122,721	28,524	0	0
2034-2038	40,826	4,307	0	0
Totals	<u>\$262,996</u>	<u>\$83,669</u>	<u>\$320,343</u>	<u>\$17,408</u>

*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, 2023 was \$346,665 in principal and interest payments through the year 2035. Only the principal amount of \$262,996 is included in the Long-Term debt amount.

*Moulten Field Flood System Installment Loan* - Collateral for the 2017 Moulten Field Flood System installment loan consists of a certificate of deposit in the name of the City of Ironton with a December 31, 2023 current value of \$1,148,950 and a hold value of \$208,672 related to this loan.

## ***CITY OF IRONTON, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 9 - LEASES**

The City leases portions of a building and parking lot to the Lawrence County Port Authority (Lessee). The City received a lump sum payment of \$350,424 in 2022. The lump sum payment covers the entire lease term, which is 99 years.

In addition to the one-time payment, the Lessee is required to pay a proportionate share of costs related to maintenance of a common area. The Lessee's proportionate share of maintenance cost is 24%, unless otherwise modified.

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# **CITY OF IRONTON, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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### **NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of property and casualty losses, and injuries to employees.

#### Risk Pool Membership

The City is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the City's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

2023

Cash and investments	\$43,996,442
Actuarial liabilities	\$19,743,401

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

### **NOTE 11 - CONTINGENCIES**

The City is defendant in a lawsuit. Although management cannot presently determine the outcome of the suit, they believe the resolution of the matter will not materially adversely affect the City's financial condition.

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 agreement 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, 2023.

## ***CITY OF Ironton, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS**

Huntington-Ironton Empowerment Zone - The Huntington-Ironton Empowerment Zone Board (EZ) is a 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**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 12 - 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. The City made a \$500,000 donation to this entity in 2023 for a sports complex.

#### **NOTE 13 – SIGNIFICANT COMMITMENTS**

The City had the following significant contractual commitments at December 31, 2023:

Project	Remaining Contractual Commitment
South Third Street Improvements	\$1,087,739
Batham and Orchard Street Improvements	14,248,142
WWTP Site/Walnut Sluice Gate	277,469
3 1/2 Alley Sewer Analysis	34,076
Pump Station #7	682,926
Sewer Model	35,510
WWTP Sluice Gate	215,552
KYOVA/5th Street Paving	82,390
5th Street Bridge	992,331
Pump Station #3	347,000
	\$18,003,135

## **CITY OF IRONTON, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2023***

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#### **NOTE 13 – SIGNIFICANT COMMITMENTS (Continued)**

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

At December 31, 2023 the City had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
Governmental Funds:	
General	\$293,147
Road and Bridge Improvements	494,391
Other Governmental Funds	<u>724,622</u>
Total Governmental Funds	<u>\$1,512,160</u>

#### **NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE**

For 2023 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements,” and Statement No. 96, “Subscription-Based Information Technology Arrangements.”

GASB Statement No. 94 clarifies accounting and financial reporting requirements for public-private and public-public partnership arrangements and availability payment arrangements.

GASB Statement No. 96 provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

The implementation of these Statements had no effect on beginning net position/fund balance.

#### **NOTE 15 - NONCOMPLIANCE**

***Financial Reporting*** - Ohio Administrative Code, Section 117-2-03 (B), requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, deferred inflows/outflows, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

*CITY OF IRONTON, OHIO*

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*OTHER INFORMATION*

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**CITY OF IRONTON, OHIO**

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***Schedule of City's Proportionate Share of the Net Pension Liability  
Last Ten Years***

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**Ohio Public Employees Retirement System**

Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.018480%	0.018480%	0.019369%
City's proportionate share of the net pension liability (asset)	\$2,178,602	\$2,228,948	\$3,354,908
City's covered payroll	\$2,279,438	\$2,250,508	\$2,408,458
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	95.58%	99.04%	139.30%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.069064%	0.069064%	0.080443%
City's proportionate share of the net pension liability (asset)	\$3,363,628	\$3,577,798	\$5,174,974
City's covered payroll	\$1,409,147	\$1,397,339	\$1,622,091
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	238.70%	256.04%	319.03%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is reported as of the fiscal date of the Net Pension Liability.

See notes to the required supplementary information

***CITY OF IRONTON, OHIO***

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<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.019292%	0.020080%	0.019245%	0.018902%	0.019790%	0.019536%	0.019572%
\$4,380,882	\$3,150,189	\$5,270,815	\$3,736,109	\$2,930,468	\$1,699,711	\$5,781,577
\$2,492,475	\$2,698,500	\$2,658,629	\$2,700,357	\$2,836,350	\$2,905,350	\$3,102,100
175.76%	116.74%	198.25%	138.36%	103.32%	58.50%	186.38%
77.25%	84.66%	74.70%	82.17%	86.88%	92.62%	75.74%
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.071812%	0.074965%	0.069033%	0.063892%	0.063857%	0.066951%	0.068090%
\$4,548,477	\$4,600,956	\$5,634,917	\$4,304,120	\$4,353,175	\$4,182,730	\$6,467,928
\$1,524,281	\$1,553,130	\$1,549,748	\$1,502,239	\$1,573,077	\$1,718,084	\$1,828,617
298.40%	296.24%	363.60%	286.51%	276.73%	243.45%	353.71%
68.36%	70.91%	63.07%	69.89%	70.65%	75.03%	62.90%

## **CITY OF IRONTON, OHIO**

### ***Schedule of City Pension Contributions Last Ten Years***

#### **Ohio Public Employees Retirement System**

Year	2014	2015	2016	2017
Contractually required contribution	\$270,061	\$289,015	\$299,097	\$350,805
Contributions in relation to the contractually required contribution	<u>270,061</u>	<u>289,015</u>	<u>299,097</u>	<u>350,805</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$2,250,508	\$2,408,458	\$2,492,475	\$2,698,500
Contributions as a percentage of covered payroll	12.00%	12.00%	12.00%	13.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

#### **Ohio Police and Fire Pension Fund**

Year	2014	2015	2016	2017
Contractually required contribution	\$298,759	\$346,333	\$325,914	\$331,978
Contributions in relation to the contractually required contribution	<u>298,759</u>	<u>346,333</u>	<u>325,914</u>	<u>331,978</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,397,339	\$1,622,091	\$1,524,281	\$1,553,130
Contributions as a percentage of covered payroll	21.38%	21.35%	21.38%	21.37%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

See notes to the required supplementary information

**CITY OF IRONTON, OHIO**

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<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$372,208	\$378,050	\$397,089	\$406,749	\$434,294	\$485,486
<u>372,208</u>	<u>378,050</u>	<u>397,089</u>	<u>406,749</u>	<u>434,294</u>	<u>485,486</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,658,629	\$2,700,357	\$2,836,350	\$2,905,350	\$3,102,100	\$3,467,757
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$331,250	\$321,029	\$336,207	\$365,990	\$389,850	\$411,912
<u>331,250</u>	<u>321,029</u>	<u>336,207</u>	<u>365,990</u>	<u>389,850</u>	<u>411,912</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,549,748	\$1,502,239	\$1,573,077	\$1,718,084	\$1,828,617	\$1,938,238
21.37%	21.37%	21.37%	21.30%	21.32%	21.25%

**CITY OF IRONTON, OHIO**

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***Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability (Asset) Last Seven Years***

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**Ohio Public Employees Retirement System**

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.018960%	0.019652%	0.018654%
City's proportionate share of the net OPEB liability (asset)	\$1,915,033	\$2,134,087	\$2,432,041
City's covered payroll	\$2,492,475	\$2,698,500	\$2,658,629
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	76.83%	79.08%	91.48%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.071812%	0.074965%	0.069033%
City's proportionate share of the net OPEB liability (asset)	\$3,408,737	\$4,247,426	\$628,651
City's covered payroll	\$1,524,281	\$1,553,130	\$1,549,748
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	223.63%	273.48%	40.56%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

The schedule is reported as of the fiscal date of the Net OPEB Liability.

See notes to the required supplementary information

**CITY OF IRONTON, OHIO**

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<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.018213%	0.019069%	0.019084%	0.019090%
\$2,515,688	(\$339,729)	(\$597,740)	\$120,366
\$2,700,357	\$2,836,350	\$2,905,350	\$3,102,100
93.16%	(11.98%)	(20.57%)	3.88%
47.80%	115.57%	128.23%	94.79%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.063892%	0.063857%	0.066951%	0.068090%
\$631,110	\$676,573	\$733,844	\$484,784
\$1,502,239	\$1,573,077	\$1,718,084	\$1,828,617
42.01%	43.01%	42.71%	26.51%
47.08%	45.42%	46.86%	52.59%

**CITY OF IRONTON, OHIO**

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***Schedule of City's Other Postemployment Benefit (OPEB) Contributions  
Last Ten Years***

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**Ohio Public Employees Retirement System**

Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$45,010	\$48,169	\$49,850	\$26,985
Contributions in relation to the contractually required contribution	<u>45,010</u>	<u>48,169</u>	<u>49,850</u>	<u>26,985</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$2,250,508	\$2,408,458	\$2,492,475	\$2,698,500
Contributions as a percentage of covered payroll	2.00%	2.00%	2.00%	1.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$6,987	\$8,110	\$7,621	\$7,766
Contributions in relation to the contractually required contribution	<u>6,987</u>	<u>8,110</u>	<u>7,621</u>	<u>7,766</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,397,339	\$1,622,091	\$1,524,281	\$1,553,130
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

See notes to the required supplementary information

***CITY OF IRONTON, OHIO***

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<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,658,629	\$2,700,357	\$2,836,350	\$2,905,350	\$3,102,100	\$3,467,757
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$7,749	\$7,511	\$7,865	\$8,590	\$9,143	\$9,691
<u>7,749</u>	<u>7,511</u>	<u>7,865</u>	<u>8,590</u>	<u>9,143</u>	<u>9,691</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,549,748	\$1,502,239	\$1,573,077	\$1,718,084	\$1,828,617	\$1,938,238
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

## **CITY OF IRONTON, OHIO**

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### ***Notes to Other Information For the Year Ended December 31, 2023***

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#### **NET PENSION LIABILITY**

##### **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2023.

*Changes in assumptions:*

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

## ***CITY OF IRONTON, OHIO***

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### ***Notes to Other Information For the Year Ended December 31, 2023***

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#### **NET PENSION LIABILITY** (Continued)

#### **OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2023.

*Changes in assumptions:*

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

2023: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

## ***CITY OF IRONTON, OHIO***

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### ***Notes to Other Information For the Year Ended December 31, 2023***

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#### **NET OPEB LIABILITY (ASSET)**

##### **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* There were no changes in benefit terms for the periods 2018-2021, and 2023.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

*Changes in assumptions:*

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

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

## **CITY OF IRONTON, OHIO**

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### ***Notes to Other Information For the Year Ended December 31, 2023***

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#### **NET OPEB LIABILITY (ASSET)** (Continued)

##### **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

##### **OHIO POLICE AND FIRE (OP&F) PENSION FUND**

###### *Changes in benefit terms:*

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020 - 2023: There were no changes in benefit terms.

###### *Changes in assumptions:*

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.
- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.96% to 2.84%.
- The investment rate of return changed from 8.0% to 7.5%.

**CITY OF IRONTON, OHIO**

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***Notes to Other Information  
For the Year Ended December 31, 2023***

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**NET OPEB LIABILITY (ASSET)** (Continued)

**OHIO POLICE AND FIRE (OP&F) PENSION FUND** (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.84% to 4.27%.
- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

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# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

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

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the modified cash-basis financial statements of the governmental activities, the business-type activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 10, 2024, wherein we noted the City uses a special purpose framework other than generally accepted accounting principles.

### ***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

***City's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
September 10, 2024

CITY OF IRONTON  
LAWRENCE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2023

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

FINDING NUMBER 2023-001

**Noncompliance**

**Ohio Rev. Code § 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 issues guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Admin. Code § 117-2-03(B)** requires the City to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The City prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the modified cash basis of accounting, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the City may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the City's ability to evaluate and monitor the overall financial condition of the City. To help provide the users with more meaningful financial statements, the City should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' Response :**

Finance Director will strive to comply in accordance with the ORC for filing upon availability of financial resources.

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# The City of Ironton

*"Overlooking The Beautiful Ohio River"*

**JOHN W. ELAM**, Finance Director

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**DECEMBER 31, 2023**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2022-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03 – Financial statements not prepared following generally accepted accounting principles.	Not corrected	See Finding Number 2023-001.
2022-002	Ohio Rev. Code § 5705.14-16 – Unallowable Transfer	Corrected	
2022-003	Sound Financial Reporting	Partially Corrected	Reissued in Management Letter

*"An Empowerment Zone Community"*



# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF IRONTON  
LAWRENCE COUNTY**

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

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



**Certified for Release 9/26/2024**

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

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