



Dave Yost • Auditor of State

**CITY OF IRONTON
LAWRENCE COUNTY**

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CITY OF IRONTON
LAWRENCE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
Community Development Fund	Unmodified
Water Fund	Qualified
Sewer Fund	Qualified
Sanitation Fund	Qualified
Storm Water Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

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

The City did not update capital asset information on the 2014 financial statements. The 2014 capital asset information was unchanged from the 2013 information. Also, the City did not provide adequate support for the amounts reported as the City's capital assets and net investment in capital assets in the Statement of Net Position for Governmental and Business Type Activities, Water Fund, Sewer Fund, Sanitation Fund and Storm Water Fund. Therefore, we were unable to obtain sufficient appropriate audit evidence about the existence, rights, completeness and valuation of the City's capital assets and the accuracy of the City's net investment in capital assets. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinions

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinions on Statement of Net Position for Governmental and Business Type Activities, Water Fund, Sewer Fund, Sanitation Fund and Storm Water Fund* paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental and Business Type Activities, Water Fund, Sewer Fund, Sanitation Fund and Storm Water Fund of the City of Ironton, Lawrence County, Ohio, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, Community Development Fund, and the aggregate remaining fund information of the City of Ironton, Lawrence County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Community Development Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

July 25, 2016

CITY OF IRONTON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2014

Unaudited

The discussion and analysis of the City of Ironton's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2014. 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 2014 are as follows:

- ❑ In total, net position decreased \$1,905,168. Net position of governmental activities decreased \$1,468,099, which represents a 6% change from 2013. Net position of business-type activities decreased \$437,069 from 2013.
- ❑ General revenues accounted for \$3,356,633 in revenue, or 30% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$7,798,661, or 70% of total revenues of \$11,155,294.
- ❑ The City had \$8,007,676 in expenses related to governmental activities; only \$3,186,885 of these expenses were offset by program specific charges for services and sales, operating grants and contributions, and capital grants and contributions. General revenues (primarily taxes) of \$3,349,568 and net position were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5,005,436 in revenues and \$5,904,875 in expenditures. The general fund's fund balance decreased \$503,162.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

CITY OF IRONTON, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2014*

Unaudited

Government-Wide Financial Statements

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

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

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

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

- *Governmental Activities* – Most of the City's programs and services are reported here including general government, public safety, street maintenance, construction and repair, health and social services, and recreation.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer, refuse collection, and storm water services are reported as business-type activities.

Fund Financial Statements

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

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

CITY OF IRONTON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial 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 Assets and Liabilities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position at December 31, 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$3,901,145	\$6,027,659	\$2,556,913	\$3,971,311	\$6,458,058	\$9,998,970
Capital Assets, Net	24,305,013	24,305,013	11,566,732	11,566,732	35,871,745	35,871,745
Total Assets	<u>28,206,158</u>	<u>30,332,672</u>	<u>14,123,645</u>	<u>15,538,043</u>	<u>42,329,803</u>	<u>45,870,715</u>
Long-Term Debt Outstanding	3,082,332	2,979,307	14,077,564	15,071,036	17,159,896	18,050,343
Other Liabilities	285,260	1,013,869	193,145	177,002	478,405	1,190,871
Total Liabilities	<u>3,367,592</u>	<u>3,993,176</u>	<u>14,270,709</u>	<u>15,248,038</u>	<u>17,638,301</u>	<u>19,241,214</u>
Deferred Inflows of Resources	458,387	491,218	0	0	458,387	491,218
Net Position						
Net Investment in Capital Assets	21,830,302	21,967,689	2,863,852	2,450,375	24,694,154	24,418,064
Restricted	2,019,316	3,020,215	0	0	2,019,316	3,020,215
Unrestricted	530,561	860,374	(3,010,916)	(2,160,370)	(2,480,355)	(1,299,996)
Total Net Position	<u>\$24,380,179</u>	<u>\$25,848,278</u>	<u>(\$147,064)</u>	<u>\$290,005</u>	<u>\$24,233,115</u>	<u>\$26,138,283</u>

CITY OF IRONTON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

Changes in Net Position – The following table shows the changes in net position for 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	Total
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,184,627	\$2,335,223	\$4,398,942	\$4,312,604	\$6,583,569	\$6,647,827
Operating Grants and Contributions	892,754	1,377,046	0	0	892,754	1,377,046
Capital Grants and Contributions	109,504	1,404,101	212,834	0	322,338	1,404,101
Total Program Revenues	<u>3,186,885</u>	<u>5,116,370</u>	<u>4,611,776</u>	<u>4,312,604</u>	<u>7,798,661</u>	<u>9,428,974</u>
General Revenues:						
Taxes	2,784,863	2,753,573	0	0	2,784,863	2,753,573
Intergovernmental, Unrestricted	360,877	621,023	0	0	360,877	621,023
Investment Earnings	15,830	29,125	7,065	9,963	22,895	39,088
Miscellaneous	187,998	283,347	0	0	187,998	283,347
Total General Revenues	<u>3,349,568</u>	<u>3,687,068</u>	<u>7,065</u>	<u>9,963</u>	<u>3,356,633</u>	<u>3,697,031</u>
Total Revenues	<u>6,536,453</u>	<u>8,803,438</u>	<u>4,618,841</u>	<u>4,322,567</u>	<u>11,155,294</u>	<u>13,126,005</u>
Program Expenses						
Security of Persons and Property	3,720,231	2,973,350	0	0	3,720,231	2,973,350
Public Health and Welfare Services	269,545	273,293	0	0	269,545	273,293
Leisure Time Activities	103,022	99,094	0	0	103,022	99,094
Community Environment	1,036,027	499,194	0	0	1,036,027	499,194
Transportation	659,127	1,705,917	0	0	659,127	1,705,917
General Government	2,149,908	2,164,081	0	0	2,149,908	2,164,081
Interest and Fiscal Charges	69,816	137,925	0	0	69,816	137,925
Water	0	0	1,641,825	1,480,306	1,641,825	1,480,306
Sewer	0	0	1,666,257	1,810,298	1,666,257	1,810,298
Sanitation	0	0	601,673	737,082	601,673	737,082
Storm Water	0	0	1,143,031	1,164,528	1,143,031	1,164,528
Total Expenses	<u>8,007,676</u>	<u>7,852,854</u>	<u>5,052,786</u>	<u>5,192,214</u>	<u>13,060,462</u>	<u>13,045,068</u>
Change in Net Position Before Transfers	<u>(1,471,223)</u>	<u>950,584</u>	<u>(433,945)</u>	<u>(869,647)</u>	<u>(1,905,168)</u>	<u>80,937</u>
Transfers	3,124	0	(3,124)	0	0	0
Change in Net Position	<u>(1,468,099)</u>	<u>950,584</u>	<u>(437,069)</u>	<u>(869,647)</u>	<u>(1,905,168)</u>	<u>80,937</u>
Beginning Net Position	<u>25,848,278</u>	<u>24,897,694</u>	<u>290,005</u>	<u>1,159,652</u>	<u>26,138,283</u>	<u>26,057,346</u>
Ending Net Position	<u>\$24,380,179</u>	<u>\$25,848,278</u>	<u>(\$147,064)</u>	<u>\$290,005</u>	<u>\$24,233,115</u>	<u>\$26,138,283</u>

Governmental Activities

Net position of the City's Governmental Activities decreased \$1,468,099. Moving Ohio Forward Grants for the demolition of dilapidated housing and economic development grants received in the prior year resulted in the subsequent decrease in operating grants and contributions in the current year. Ohio Department of Transportation and FEMA Grants received in the prior year resulted in the subsequent decrease in capital grants and contributions as well as transportation expenses in the current year. Payments received in the prior year from the Ironton Metro Housing Authority resulted in the decrease in unrestricted intergovernmental revenues in the current year.

The purchase of vehicles as well as the addition of two employees resulted in an increase in security of persons and property. An increase in community environment expenses can be attributed to the 9th street gateway project.

CITY OF IRONTON, OHIO

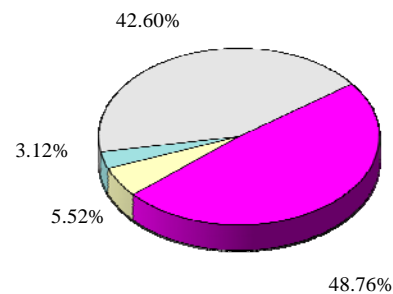
**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

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

Taxes made up 43% of revenues for governmental activities for the City in fiscal year 2014. The City's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2014	Percent of Total
Taxes	\$2,784,863	42.60%
Program Revenues	3,186,885	48.76%
Intergovernmental, Unrestricted	360,877	5.52%
General Other	203,828	3.12%
Total Revenue	<u>\$6,536,453</u>	<u>100.00%</u>



Business-type Activities

Net position of the City's business-type activities decreased \$437,069. Charges for services and expenses were consistent with the prior year. Storm Water received FEMA reimbursements in the amount of \$212,834.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$2,107,042, which is a decrease from last year's balance of \$2,713,415. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2014 and 2013:

	Fund Balance December 31, 2014	Fund Balance December 31, 2013	Increase (Decrease)
General	\$806,684	\$1,309,846	(\$503,162)
Community Development	53,582	47,002	6,580
Other Governmental	1,246,776	1,356,567	(109,791)
Total	<u>\$2,107,042</u>	<u>\$2,713,415</u>	<u>(\$606,373)</u>

CITY OF IRONTON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

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:

	2014 Revenues	2013 Revenues	Increase (Decrease)
Taxes	\$2,402,795	\$2,518,168	(\$115,373)
Intergovernmental Revenues	429,902	691,908	(262,006)
Charges for Services	1,574,729	1,558,093	16,636
Licenses and Permits	97,373	104,609	(7,236)
Investment Earnings	7,501	16,082	(8,581)
Special Assessments	0	1,989	(1,989)
Fines and Forfeitures	249,195	303,062	(53,867)
All Other Revenue	243,941	189,131	54,810
Total	\$5,005,436	\$5,383,042	(\$377,606)

General Fund revenues in 2014 remained stable when compared with the prior year, decreasing \$377,606, or approximately 7%.

	2014 Expenditures	2013 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,228,217	\$2,708,473	\$519,744
Public Health and Welfare Services	276,058	266,850	9,208
Community Environment	639	5,940	(5,301)
General Government	1,939,854	1,877,060	62,794
Capital Outlay	150,829	140,541	10,288
Debt Service:			
Principal Retirement	239,943	184,055	55,888
Interest and Fiscal Charges	69,335	73,443	(4,108)
Total	\$5,904,875	\$5,256,362	\$648,513

General Fund expenditures increased \$648,513, or 12%. The purchase of vehicles as well as the addition of two employees resulted in an increase in security of persons and property.

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

For the General Fund, actual budget basis revenue of \$5.0 million did not significantly change from original and final budget estimates. Actual budget basis expenditures of \$5.6 million did not significantly change from original and final budget estimates. The General Fund had an adequate fund balance to cover expenditures.

CITY OF IRONTON, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2014*

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2014 the City had \$35,871,745 net of accumulated depreciation invested in land, construction in progress, buildings, land improvements, machinery and equipment, and infrastructure. Of this total, \$24,305,013 was related to governmental activities and \$11,566,732 to the business-type activities. The following table shows fiscal year 2014 and 2013 balances:

	Governmental Activities		Increase (Decrease)
	2014	2013	
Land	\$1,740,045	\$1,740,045	\$0
Construction in Progress	161,933	161,933	0
Buildings	3,150,900	3,150,900	0
Land Improvements	4,454,077	4,454,077	0
Machinery and Equipment	3,477,572	3,477,572	0
Infrastructure	35,825,162	35,825,162	0
Less: Accumulated Depreciation	(24,504,676)	(24,504,676)	0
Totals	\$24,305,013	\$24,305,013	\$0

	Business-Type Activities		Increase (Decrease)
	2014	2013	
Land	\$60,060	\$60,060	\$0
Construction in Progress	894,546	894,546	0
Land Improvements	6,534,456	6,534,456	0
Buildings and Improvements	4,051,851	4,051,851	0
Machinery and Equipment	5,627,138	5,627,138	0
Infrastructure	5,364,722	5,364,722	0
Less: Accumulated Depreciation	(10,966,041)	(10,966,041)	0
Totals	\$11,566,732	\$11,566,732	\$0

Additional information on the City's capital assets can be found in Note 8.

CITY OF IRONTON, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

Debt

At December 31, 2014, the City had \$13,590,301 in bonds outstanding, \$673,901 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Governmental Activities:		
General Obligation Bonds	\$2,072,221	\$2,291,622
Installment Loans	402,490	45,702
Police and Firemen's Accrued Pension	396,905	408,891
Compensated Absences	210,716	233,092
Total Governmental Activities	<u>3,082,332</u>	<u>2,979,307</u>
Business-Type Activities:		
Ohio Water Development Authority Loans	2,079,587	2,389,904
Ohio Public Works Commission Loans	293,764	313,445
Installment Loans	0	197,506
General Obligation Bonds	11,518,080	11,965,856
Compensated Absences	186,133	204,325
Total Business-Type Activities	<u>14,077,564</u>	<u>15,071,036</u>
Totals	<u><u>\$17,159,896</u></u>	<u><u>\$18,050,343</u></u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2014, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

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

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 740-533-0439 or writing to the City of Ironton Finance Department, 301 S. 3rd St. – 2nd Floor, PO Box 704, Ironton, Ohio 45638.

CITY OF IRONTON, OHIO

Statement of Net Position December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 1,734,541	\$ 1,424,468	\$ 3,159,009
Receivables:			
Taxes	968,607	0	968,607
Accounts	128,987	404,479	533,466
Intergovernmental	634,234	0	634,234
Loans	401,871	0	401,871
Internal Balances	(331)	331	0
Prepays	33,236	453	33,689
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	727,182	727,182
Capital Assets:			
Capital Assets Not Being Depreciated	1,901,978	954,606	2,856,584
Capital Assets Being Depreciated	22,403,035	10,612,126	33,015,161
Total Assets	28,206,158	14,123,645	42,329,803
Liabilities:			
Accounts Payable	28,467	16,933	45,400
Accrued Wages and Benefits	226,493	131,120	357,613
Intergovernmental Payable	22,246	574	22,820
Accrued Interest Payable	8,054	44,518	52,572
Long Term Liabilities:			
Due Within One Year	425,551	854,324	1,279,875
Due in More Than One Year	2,656,781	13,223,240	15,880,021
Total Liabilities	3,367,592	14,270,709	17,638,301
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	458,387	0	458,387
Total Deferred Inflows of Resources	458,387	0	458,387
Net Position:			
Net Investment in Capital Assets	21,830,302	2,863,852	24,694,154
Restricted For:			
Capital Projects	166,511	0	166,511
Debt Service	31,150	0	31,150
Streets and Highways	384,460	0	384,460
Security of Persons and Property	818,298	0	818,298
Other Purposes	618,897	0	618,897
Unrestricted (Deficit)	530,561	(3,010,916)	(2,480,355)
Total Net Position	\$ 24,380,179	\$ (147,064)	\$ 24,233,115

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Statement of Activities
For the Year Ended December 31, 2014

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,720,231	\$ 663,043	\$ 214,334	\$ 0
Public Health and Welfare Services	269,545	118,346	61,751	0
Leisure Time Activities	103,022	16,737	0	0
Community Environment	1,036,027	67,137	64,618	0
Transportation	659,127	0	506,203	109,504
General Government	2,149,908	1,319,364	45,848	0
Interest and Fiscal Charges	69,816	0	0	0
Total Governmental Activities	8,007,676	2,184,627	892,754	109,504
Business-Type Activities:				
Water	1,641,825	2,071,624	0	0
Sewer	1,666,257	1,178,083	0	0
Sanitation	601,673	679,661	0	0
Storm Water	1,143,031	469,574	0	212,834
Total Business-Type Activities	5,052,786	4,398,942	0	212,834
Totals	\$ 13,060,462	\$ 6,583,569	\$ 892,754	\$ 322,338

General Revenues and Transfers

Property Taxes
Municipal Income Taxes
Intergovernmental, Unrestricted
Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,842,854)	\$ 0	\$ (2,842,854)
(89,448)	0	(89,448)
(86,285)	0	(86,285)
(904,272)	0	(904,272)
(43,420)	0	(43,420)
(784,696)	0	(784,696)
(69,816)	0	(69,816)
<u>(4,820,791)</u>	<u>0</u>	<u>(4,820,791)</u>
0	429,799	429,799
0	(488,174)	(488,174)
0	77,988	77,988
<u>0</u>	<u>(460,623)</u>	<u>(460,623)</u>
<u>0</u>	<u>(441,010)</u>	<u>(441,010)</u>
<u>\$ (4,820,791)</u>	<u>\$ (441,010)</u>	<u>\$ (5,261,801)</u>
470,542	0	470,542
2,314,321	0	2,314,321
360,877	0	360,877
15,830	7,065	22,895
187,998	0	187,998
3,124	(3,124)	0
<u>3,352,692</u>	<u>3,941</u>	<u>3,356,633</u>
(1,468,099)	(437,069)	(1,905,168)
<u>25,848,278</u>	<u>290,005</u>	<u>26,138,283</u>
<u>\$ 24,380,179</u>	<u>\$ (147,064)</u>	<u>\$ 24,233,115</u>

CITY OF IRONTON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2014**

	General	Community Development	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled Cash and Investments	\$ 369,324	\$ 965	\$ 1,363,544	\$ 1,733,833
Receivables:				
Taxes	717,488	0	251,119	968,607
Accounts	128,987	0	0	128,987
Intergovernmental	181,146	52,617	400,471	634,234
Loans	0	0	401,871	401,871
Interfund Loans Receivable	146,939	0	0	146,939
Prepaid Items	33,236	0	0	33,236
Total Assets	\$ 1,577,120	\$ 53,582	\$ 2,417,005	\$ 4,047,707
Liabilities:				
Accounts Payable	\$ 19,622	\$ 0	\$ 7,768	\$ 27,390
Accrued Wages and Benefits Payable	198,604	0	27,889	226,493
Intergovernmental Payable	479	0	21,767	22,246
Interfund Loans Payable	0	0	146,939	146,939
Total Liabilities	218,705	0	204,363	423,068
Deferred Inflows of Resources:				
Unavailable Amounts	312,387	0	746,823	1,059,210
Property Tax Levy for Next Fiscal Year	239,344	0	219,043	458,387
Total Deferred Inflows of Resources	551,731	0	965,866	1,517,597
Fund Balances:				
Nonspendable	33,236	0	0	33,236
Restricted	0	53,582	1,404,996	1,458,578
Committed	291,277	0	0	291,277
Assigned	159,146	0	0	159,146
Unassigned	323,025	0	(158,220)	164,805
Total Fund Balances	806,684	53,582	1,246,776	2,107,042
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,577,120	\$ 53,582	\$ 2,417,005	\$ 4,047,707

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

***Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2014***

Total Governmental Fund Balances	\$	2,107,042
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		
Capital Assets used in the operation of Governmental Funds		24,305,013
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
		1,059,210
The internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are generally included in governmental activities in the statement of net position, however a portion is also allocated to the business-type activities.		
Internal Service Net Position	(369)	
Allocation to Business-Type Activities	<u>(331)</u>	(700)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(2,072,221)	
Installment Loans	(402,490)	
Police/Fire Pension Accrued Liability	(396,905)	
Compensated Absences Payable related to Governmental Funds	(210,716)	
Accrued Interest Payable	<u>(8,054)</u>	<u>(3,090,386)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 24,380,179</u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2014

	General	Community Development	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,402,795	\$ 0	\$ 238,671	\$ 2,641,466
Intergovernmental Revenues	429,902	829,788	882,369	2,142,059
Charges for Services	1,574,729	0	104,581	1,679,310
Licenses and Permits	97,373	0	0	97,373
Investment Earnings	7,501	0	8,329	15,830
Fines and Forfeitures	249,195	0	158,749	407,944
All Other Revenue	243,941	0	66,891	310,832
Total Revenue	5,005,436	829,788	1,459,590	7,294,814
Expenditures:				
Current:				
Security of Persons and Property	3,228,217	0	499,133	3,727,350
Public Health and Welfare Services	276,058	0	0	276,058
Leisure Time Activities	0	0	102,759	102,759
Community Environment	639	823,208	212,180	1,036,027
Transportation	0	0	562,607	562,607
General Government	1,939,854	0	40,974	1,980,828
Capital Outlay	150,829	0	135,616	286,445
Debt Service:				
Principal Retirement	239,943	0	11,384	251,327
Interest and Fiscal Charges	69,335	0	289	69,624
Total Expenditures	5,904,875	823,208	1,564,942	8,293,025
Excess (Deficiency) of Revenues Over Expenditures	(899,439)	6,580	(105,352)	(998,211)
Other Financing Sources (Uses):				
Installment Loan Proceeds	388,714	0	0	388,714
Transfers In	57,563	0	50,000	107,563
Transfers Out	(50,000)	0	(54,439)	(104,439)
Total Other Financing Sources (Uses)	396,277	0	(4,439)	391,838
Net Change in Fund Balances	(503,162)	6,580	(109,791)	(606,373)
Fund Balances at Beginning of Year	1,309,846	47,002	1,356,567	2,713,415
Fund Balances End of Year	\$ 806,684	\$ 53,582	\$ 1,246,776	\$ 2,107,042

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

***Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended December 31, 2014***

Net Change in Fund Balances - Total Governmental Funds		\$ (606,373)
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(758,361)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.		
Installment Loans Issued		(388,714)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bond Principal Payment	219,401	
Installment Loan Principal Payment	31,926	
Police/Fire Pension Accrued Liability	11,986	263,313
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(192)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in Compensated Absences - Governmental Funds		22,376
The internal service funds, which are used by management to charge the costs of services to individual funds, are not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities and business-type activities.		
Change in Net Position - Internal Service Funds	(294)	
Change in portion of internal service fund net position allocated to Business-Type Activities	146	(148)
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ (1,468,099)</u></u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,758,129	\$ 2,658,180	\$ 2,548,383	\$ (109,797)
Intergovernmental Revenue	367,175	456,850	421,340	(35,510)
Charges for Services	1,241,747	1,241,900	1,216,288	(25,612)
Licenses and Permits	25,496	25,500	24,263	(1,237)
Investment Earnings	1,999	2,000	1,861	(139)
Special Assessments	4,999	5,000	0	(5,000)
Fines and Forfeitures	323,000	268,500	253,144	(15,356)
All Other Revenues	261,100	324,200	251,487	(72,713)
Total Revenues	<u>4,983,645</u>	<u>4,982,130</u>	<u>4,716,766</u>	<u>(265,364)</u>
Expenditures:				
Current:				
Security of Persons and Property	3,077,764	3,040,576	2,912,562	128,014
Public Health and Welfare Services	4,855	5,027	4,602	425
General Government	2,074,274	2,186,817	2,069,519	117,298
Capital Outlay	309,458	273,795	218,776	55,019
Debt Service:				
Principal Retirement	170,920	229,420	199,943	29,477
Interest and Fiscal Charges	0	0	31,935	(31,935)
Total Expenditures	<u>5,637,271</u>	<u>5,735,635</u>	<u>5,437,337</u>	<u>298,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(653,626)	(753,505)	(720,571)	32,934
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	0	(1,000)
Transfers In	270,495	270,495	273,558	3,063
Transfers Out	(105,000)	(145,000)	(145,000)	0
Advances In	5,000	5,000	5,000	0
Total Other Financing Sources (Uses):	<u>171,495</u>	<u>131,495</u>	<u>133,558</u>	<u>2,063</u>
Net Changes in Fund Balance	(482,131)	(622,010)	(587,013)	34,997
Fund Balance at Beginning of Year	410,174	410,174	410,174	0
Prior Year Encumbrances	224,442	224,442	224,442	0
Fund Balance at End of Year	<u>\$ 152,485</u>	<u>\$ 12,606</u>	<u>\$ 47,603</u>	<u>\$ 34,997</u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Community Development Fund
For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	\$ 782,000	\$ 877,000	\$ 777,171	\$ (99,829)
Total Revenues	782,000	877,000	777,171	(99,829)
Expenditures:				
Current:				
Community Environment	772,000	865,000	823,208	41,792
Total Expenditures	772,000	865,000	823,208	41,792
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	10,000	12,000	(46,037)	(58,037)
Fund Balance at Beginning of Year	47,002	47,002	47,002	0
Fund Balance at End of Year	\$ 57,002	\$ 59,002	\$ 965	\$ (58,037)

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2014**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Sanitation
Assets:			
<i>Current Assets:</i>			
Pooled Cash and Investments	\$ 174,414	\$ 640,956	\$ 235,389
Receivables:			
Accounts	163,232	118,146	71,105
Prepaid Items	278	175	0
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	363,591	0
<i>Total Current Assets</i>	337,924	1,122,868	306,494
<i>Non Current Assets:</i>			
Capital Assets:			
Capital Assets Not Being Depreciated	481,030	402,976	0
Depreciable Capital Assets, Net	5,634,730	4,857,299	45,712
Total Assets	6,453,684	6,383,143	352,206
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	2,849	13,105	979
Accrued Wages and Benefits	68,565	37,278	25,238
Intergovernmental Payable	0	574	0
Accrued Interest Payable	4,054	20,111	242
Compensated Absences Payable - Current	33,609	34,180	6,445
General Obligation Bonds Payable - Current	87,321	170,690	31,700
OWDA Loans Payable - Current	302,329	0	0
OPWC Loans Payable - Current	15,000	3,750	0
<i>Total Current Liabilities</i>	513,727	279,688	64,604

CITY OF IRONTON, OHIO

Storm Water	Total	Governmental Activities - Internal Service Funds
\$ 373,709	\$ 1,424,468	\$ 708
51,996	404,479	0
0	453	0
363,591	727,182	0
789,296	2,556,582	708
70,600	954,606	0
74,385	10,612,126	0
934,281	14,123,314	708
0	16,933	1,077
39	131,120	0
0	574	0
20,111	44,518	0
0	74,234	0
168,369	458,080	0
0	302,329	0
931	19,681	0
189,450	1,047,469	1,077

(Continued)

CITY OF IRONTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2014**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Sanitation
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	44,073	43,537	24,289
General Obligation Bonds Payable	860,000	5,067,500	65,000
OWDA Loans Payable	1,777,258	0	0
OPWC Loans Payable	210,000	43,125	0
Total Liabilities	3,405,058	5,433,850	153,893
Net Position:			
Net Investment in Capital Assets	2,863,852	0	0
Unrestricted	184,774	949,293	198,313
Total Net Position	\$ 3,048,626	\$ 949,293	\$ 198,313

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

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Storm Water	Total	Governmental Activities - Internal Service Funds
0	111,899	0
5,067,500	11,060,000	0
0	1,777,258	0
20,958	274,083	0
5,277,908	14,270,709	1,077
0	2,863,852	0
(4,343,627)	(3,011,247)	(369)
\$ (4,343,627)	\$ (147,395)	\$ (369)

331
\$ (147,064)

CITY OF IRONTON, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Year Ended December 31, 2014

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Sanitation
Operating Revenues:			
Charges for Services	\$ 1,989,961	\$ 1,155,363	\$ 664,469
Other Operating Revenue	34,600	0	0
Total Operating Revenues	<u>2,024,561</u>	<u>1,155,363</u>	<u>664,469</u>
Operating Expenses:			
Personal Services	822,562	601,534	401,897
Contractual Services	697,203	808,794	169,840
Materials and Supplies	29,529	18,952	28,308
Other Operating Expenses	525	0	0
Total Operating Expenses	<u>1,549,819</u>	<u>1,429,280</u>	<u>600,045</u>
Operating Income (Loss)	474,742	(273,917)	64,424
Nonoperating Revenue (Expenses):			
Investment Earnings	1,984	3,023	2,009
Interest Expense	(91,860)	(236,977)	(1,628)
Other Nonoperating Revenue	47,063	22,720	15,192
Total Nonoperating Revenues (Expenses)	<u>(42,813)</u>	<u>(211,234)</u>	<u>15,573</u>
Income (Loss) Before Transfers and Capital Contributions	431,929	(485,151)	79,997
Transfers and Capital Contributions:			
Transfers In	23,682	0	0
Transfers Out	(2,573)	(17,467)	0
Capital Contributions	0	0	0
Total Transfers and Capital Contributions	<u>21,109</u>	<u>(17,467)</u>	<u>0</u>
Change in Net Position	453,038	(502,618)	79,997
Net Position Beginning of Year	2,595,588	1,451,911	118,316
Net Position End of Year	<u>\$ 3,048,626</u>	<u>\$ 949,293</u>	<u>\$ 198,313</u>

Change in Net Position - Total Enterprise Funds

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

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Storm Water	Total	Governmental Activities - Internal Service Funds
\$ 469,574	\$ 4,279,367	\$ 0
0	34,600	17,286
469,574	4,313,967	17,286
3,627	1,829,620	0
896,979	2,572,816	0
0	76,789	17,580
0	525	0
900,606	4,479,750	17,580
(431,032)	(165,783)	(294)
49	7,065	0
(242,425)	(572,890)	0
0	84,975	0
(242,376)	(480,850)	0
(673,408)	(646,633)	(294)
0	23,682	0
(6,766)	(26,806)	0
212,834	212,834	0
206,068	209,710	0
(467,340)	(436,923)	(294)
(3,876,287)	289,528	(75)
\$ (4,343,627)	\$ (147,395)	\$ (369)
	\$ (436,923)	
	(146)	
	\$ (437,069)	

CITY OF IRONTON, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Sanitation
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$2,084,942	\$1,174,999	\$679,643
Cash Payments for Goods and Services	(732,068)	(813,924)	(201,431)
Cash Payments to Employees	(834,483)	(596,384)	(401,014)
Net Cash Provided (Used) by Operating Activities	<u>518,391</u>	<u>(235,309)</u>	<u>77,198</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	23,682	0	0
Transfers Out to Other Funds	(2,573)	(17,467)	0
Net Cash Provided (Used) by Noncapital Financing Activities	<u>21,109</u>	<u>(17,467)</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Intergovernmental Grants	0	0	0
Principal Paid on OPWC Loans	(15,000)	(3,750)	0
Principal Paid on Installment Loans	(4,859)	(98,753)	0
Principal Paid on General Obligation Bonds	(83,301)	(167,738)	(31,300)
Principal Paid on OWDA Loans	(310,317)	0	0
Interest Paid on All Debt	(92,208)	(237,169)	(1,386)
Net Cash Used by Capital and Related Financing Activities	<u>(505,685)</u>	<u>(507,410)</u>	<u>(32,686)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	1,984	3,023	2,009
Net Cash Provided by Investing Activities	<u>1,984</u>	<u>3,023</u>	<u>2,009</u>
Net Increase (Decrease) in Cash and Cash Equivalents	35,799	(757,163)	46,521
Cash and Cash Equivalents at Beginning of Year	<u>138,615</u>	<u>1,761,710</u>	<u>188,868</u>
Cash and Cash Equivalents at End of Year	<u>\$174,414</u>	<u>\$1,004,547</u>	<u>\$235,389</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$174,414	\$640,956	\$235,389
Restricted Cash and Cash Equivalents with Fiscal Agent	<u>0</u>	<u>363,591</u>	<u>0</u>
Cash and Cash Equivalents at End of Year	<u>\$174,414</u>	<u>\$1,004,547</u>	<u>\$235,389</u>

CITY OF IRONTON, OHIO

<u>Storm Water</u>	<u>Total</u>	<u>Governmental Activities - Internal Service</u>
\$468,670	\$4,408,254	\$17,286
(896,979)	(2,644,402)	(17,096)
<u>(3,627)</u>	<u>(1,835,508)</u>	<u>0</u>
(431,936)	(71,656)	190
0	23,682	0
(6,766)	(26,806)	0
<u>(6,766)</u>	<u>(3,124)</u>	<u>0</u>
212,834	212,834	0
(931)	(19,681)	0
(93,894)	(197,506)	0
(165,437)	(447,776)	0
0	(310,317)	0
<u>(242,617)</u>	<u>(573,380)</u>	<u>0</u>
(290,045)	(1,335,826)	0
49	7,065	0
<u>49</u>	<u>7,065</u>	<u>0</u>
(728,698)	(1,403,541)	190
<u>1,465,998</u>	<u>3,555,191</u>	<u>518</u>
<u>\$737,300</u>	<u>\$2,151,650</u>	<u>\$708</u>
\$373,709	\$1,424,468	\$708
<u>363,591</u>	<u>727,182</u>	<u>0</u>
<u>\$737,300</u>	<u>\$2,151,650</u>	<u>\$708</u>

(Continued)

CITY OF IRONTON, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$474,742	(\$273,917)	\$64,424
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Miscellaneous Nonoperating Revenue	47,633	22,720	15,192
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	12,748	(3,084)	(18)
Decrease in Prepaid Items	1,199	200	0
Increase (Decrease) in Accounts Payable	(6,010)	13,048	(3,283)
Increase in Accrued Wages and Benefits	6,861	3,943	1,500
Increase in Intergovernmental Payable	0	574	0
Increase (Decrease) in Compensated Absences	(18,782)	1,207	(617)
Total Adjustments	43,649	38,608	12,774
Net Cash Provided (Used) by Operating Activities	<u>\$518,391</u>	<u>(\$235,309)</u>	<u>\$77,198</u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

<u>Storm Water</u>	<u>Total</u>	<u>Governmental Activities - Internal Service</u>
(\$431,032)	(\$165,783)	(\$294)
0	85,545	0
(904)	8,742	0
0	1,399	0
0	3,755	484
0	12,304	0
0	574	0
0	(18,192)	0
(904)	94,127	484
<u>(\$431,936)</u>	<u>(\$71,656)</u>	<u>\$190</u>

CITY OF IRONTON, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2014***

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 37,385
Total Assets	<u>37,385</u>
Liabilities:	
Due to Others	<u>37,385</u>
Total Liabilities	<u>\$ 37,385</u>

See accompanying notes to the basic financial statements

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2014 and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, issuance of debt or the levying of taxes. The City 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 15.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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 that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues and expenditures or expenses. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Funds

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

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

Community Development Fund – This fund is used to account for the Community Development Block Grants issued to the City.

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CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

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

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

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

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

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

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

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

Fiduciary Funds

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

E. Budgetary Process

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

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

1. Tax Budget

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2014.

3. Appropriations

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

4. Lapsing of Appropriations

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

CITY OF IRONTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

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

	Net Change in Fund Balance	
	General Fund	Community Development Fund
GAAP Basis (as reported)	(\$503,162)	\$6,580
Increase (Decrease):		
Accrued Revenues at December 31, 2014 received during 2015	(491,210)	(52,617)
Accrued Revenues at December 31, 2013 received during 2014	656,115	0
Accrued Expenditures at December 31, 2014 paid during 2015	218,705	0
Accrued Expenditures at December 31, 2013 paid during 2014	(313,730)	0
2013 Prepays for 2014	33,769	0
2014 Prepays for 2015	(33,236)	0
Outstanding Encumbrances	(138,245)	0
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	(16,019)	0
Budget Basis	(\$587,013)	(\$46,037)

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

The City pools its cash for resource management purposes. Each fund's equity in pooled cash represents the balance on hand as if each fund maintained its own cash account. For purposes of the statements of cash flows, the share of equity in the pooled cash of the proprietary funds is considered to be a cash equivalent. See Note 3 "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. The City allocates interest among various funds based upon applicable legal and administrative requirements. See Note 3 "Cash, Cash Equivalents and Investments."

H. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

CITY OF IRONTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

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

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

3. Depreciation

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

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

CITY OF IRONTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Obligations

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

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

J. Compensated Absences

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

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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

K. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for Other Purposes includes state and federal grants for community development and mandatory fines for various court programs.

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

L. Pensions

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

M. Interfund Transactions

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances

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

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

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

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

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

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

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

O. Restricted Assets

A bond reserve account is reported as restricted cash with fiscal agent.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Operating Revenues and Expenses

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

Q. Deferred Outflows/Inflows of Resources

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. The City had no special or extraordinary items to report during fiscal year 2014.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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 Fund	Community Development Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$33,236	\$0	\$0	\$33,236
Total Nonspendable	<u>33,236</u>	<u>0</u>	<u>0</u>	<u>33,236</u>
Restricted:				
Flood Wall	0	0	1,442	1,442
Police and Fire Pension	0	0	5,027	5,027
Police Department Equipment	0	0	52,540	52,540
Street Improvements	0	0	223,547	223,547
Drug and Alcohol Treatment and Education	0	0	217,748	217,748
FEMA Programs	0	0	2,025	2,025
Municipal Court	0	0	525,783	525,783
Community Development and Improvement	0	53,582	32,284	85,866
Debt Service	0	0	31,150	31,150
Capital Improvements	0	0	313,450	313,450
Total Restricted	<u>0</u>	<u>53,582</u>	<u>1,404,996</u>	<u>1,458,578</u>
Committed:				
Health Department	27,268	0	0	27,268
Fire Department	264,009	0	0	264,009
Total Committed	<u>291,277</u>	<u>0</u>	<u>0</u>	<u>291,277</u>
Assigned:				
Subsequent Year Appropriations	34,561	0	0	34,561
Other Purposes	124,585	0	0	124,585
Total Assigned	<u>159,146</u>	<u>0</u>	<u>0</u>	<u>159,146</u>
Unassigned (Deficits):	<u>323,025</u>	<u>0</u>	<u>(158,220)</u>	<u>164,805</u>
Total Fund Balances	<u>\$806,684</u>	<u>\$53,582</u>	<u>\$1,246,776</u>	<u>\$2,107,042</u>

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

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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 funds may be invested or deposited in the following securities:

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

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

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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

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

At year end the carrying amount of the City's deposits was \$2,373,388 and the bank balance was \$2,735,937. Federal depository insurance covered \$1,149,670 of the bank balance and \$1,586,267 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	\$423,780
Uninsured and uncollateralized	<u>1,162,487</u>
Total Balance	<u><u>\$1,586,267</u></u>

CITY OF IRONTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

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

B. Investments

The City's investments at December 31, 2014 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years) less than 1</u>
US Treasury Notes/Bills	<u>\$1,550,188</u>	AA+ ¹ /Aaa ²	<u>\$1,550,188</u>
Total Investments	<u><u>\$1,550,188</u></u>		<u><u>\$1,550,188</u></u>

¹ Standard & Poor's

² Moody's Investor Service

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

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

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

NOTE 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 2014 were levied after October 1, 2013 on assessed values as of January 1, 2013, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2010. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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, 2014 was \$4.28 per \$1,000 of assessed value. The assessed value upon which the 2014 tax collections were based was \$147,075,250. This amount constitutes \$139,414,370 in real property assessed value and \$7,660,880 in public utility assessed value. Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .428% (4.28 mills) of assessed value.

B. Income Tax

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

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

CITY OF IRONTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 5 - RECEIVABLES

Receivables at December 31, 2014 consisted of taxes, accounts, loans, and intergovernmental receivables arising from shared revenues.

NOTE 6 – INTERFUND ACCOUNTS

On the Statement of Net Position, the Governmental Activities reported an internal balance at December 31, 2014 of \$331, which was offset in the Business-Type Activities by the same amount. This amount relates to the consolidation of internal service activities on the Government-Wide Statements.

Following is a summary of interfund receivables and payables for all funds at December 31, 2014:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$146,939	\$0
Other Governmental Funds	0	146,939
Totals	<u>\$146,939</u>	<u>\$146,939</u>

These Interfund Loans are short-term loans to prevent a temporary cash deficit.

NOTE 7 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2014:

Fund	Transfer In	Transfer Out
General Fund	\$57,563	\$50,000
Other Governmental Funds	50,000	54,439
Total Governmental Funds	<u>107,563</u>	<u>104,439</u>
Water Fund	23,682	2,573
Sewer Fund	0	17,467
Storm Water Fund	0	6,766
Total Proprietary Funds	<u>23,682</u>	<u>26,806</u>
Totals	<u>\$131,245</u>	<u>\$131,245</u>

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

In 2014 the transfer of \$54,439 from the Other Governmental Funds to the General Fund was performed pursuant to a court order for the purpose of reimbursement of salaries paid out of the General Fund.

In 2014 the Sewer Fund and Storm Water Fund transferred \$17,467 and \$6,766, respectively, to the Water Fund for debt service payments.

CITY OF IRONTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Capital assets not being depreciated:				
Land	\$1,740,045	\$0	\$0	\$1,740,045
Construction in Progress	161,933	0	0	161,933
Subtotal	1,901,978	0	0	1,901,978
Capital assets being depreciated:				
Buildings	3,150,900	0	0	3,150,900
Land Improvements	4,454,077	0	0	4,454,077
Machinery and Equipment	3,477,572	0	0	3,477,572
Infrastructure	35,825,162	0	0	35,825,162
Subtotal	46,907,711	0	0	46,907,711
Total Cost	\$48,809,689	\$0	\$0	\$48,809,689

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	(\$901,115)	\$0	\$0	(\$901,115)
Land Improvements	(3,353,786)	0	0	(3,353,786)
Machinery and Equipment	(2,153,660)	0	0	(2,153,660)
Infrastructure	(18,096,115)	0	0	(18,096,115)
Total Depreciation	(\$24,504,676)	\$0	\$0	(\$24,504,676)
Net Value:	\$24,305,013			\$24,305,013

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$0
Public Health and Welfare Services	0
Leisure Time Activities	0
Community Environment	0
Transportation	0
General Government	0
Total Depreciation Expense	<u>\$0</u>

CITY OF IRONTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 8 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
<i>Capital assets not being depreciated:</i>				
Land	\$60,060	\$0	\$0	\$60,060
Construction in Progress	894,546	0	0	894,546
Subtotal	954,606	0	0	954,606
<i>Capital assets being depreciated:</i>				
Land Improvements	6,534,456	0	0	6,534,456
Buildings and Improvements	4,051,851	0	0	4,051,851
Machinery and Equipment	5,627,138	0	0	5,627,138
Infrastructure	5,364,722	0	0	5,364,722
Subtotal	21,578,167	0	0	21,578,167
Total Cost	\$22,532,773	\$0	\$0	\$22,532,773

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Land Improvements	(\$2,108,518)	\$0	\$0	(\$2,108,518)
Buildings and Improvements	(2,081,606)	0	0	(2,081,606)
Machinery and Equipment	(3,949,586)	0	0	(3,949,586)
Infrastructure	(2,826,331)	0	0	(2,826,331)
Total Depreciation	(\$10,966,041)	\$0	\$0	(\$10,966,041)
<i>Net Value:</i>	\$11,566,732			\$11,566,732

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2014, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2014 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 12.0% for calendar year 2014. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's contributions for pension obligations to OPERS for the years ending December 31, 2014, 2013, and 2012 were \$288,896, \$296,327 and \$225,779, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2014 were \$7,036 made by the City and \$5,026 made by the plan members.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5% of their annual covered salary. Throughout 2014, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2014, 19.0% of annual covered salary for police and 23.5% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2014, 2013, and 2012 were \$129,309, \$95,272 and \$90,743 for police officers and \$179,677, \$147,885 and \$132,317 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. OPERS’ eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2014, 2013, and 2012 were \$48,149, \$22,794 and \$90,311, respectively, which were equal to the required contributions for each year.

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

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

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund ("OP&F") (Continued)

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

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

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2014, 2013, and 2012 were \$3,403, \$20,917 and \$48,041 for police and \$3,823, \$25,974 and \$51,776 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF IRONTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 11 - COMPENSATED ABSENCES

All full-time City employees earn sick leave at the rate of 1.25 days per calendar month of active service. Upon retirement, an employee with service of six years or more with the City receives a lump sum settlement for all unused sick leave. Employees are compensated at a rate of 100% of the balance up to a maximum of 90 days or 720 hours. Any balance in excess of 90 days is paid out at a rate of 25%. The monetary compensation is at the hourly rate of compensation of the employee at the time of resignation if the employee is not given credit at his next place of employment.

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

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

At December 31, 2014, the total liability for accumulated unpaid compensated absences recorded in the Governmental Activities was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	3,960	\$79,292
Vacation / Compensatory Time	7,861	131,424
Total	<u>11,821</u>	<u>\$210,716</u>

In addition, the accrued liability for accumulated unpaid compensated absences recorded in the enterprise funds decreased \$18,192 from a beginning year balance of \$204,325 to a year-end balance of \$186,133.

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CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2014 were as follows:

				Balance December 31, 2013	Additions	(Reductions)	Balance December 31, 2014	Due Within One Year
Business-Type Activities:								
Ohio Water Development Authority Loans (OWDA):								
2.00%	Loan #0239	1994	\$1,489,467	\$0	(\$286,214)	\$1,203,253	\$291,938	
2.00%	Loan #5873	2011	900,437	0	(24,103)	876,334	10,391	
Total Ohio Water Development Authority Loans			<u>2,389,904</u>	<u>0</u>	<u>(310,317)</u>	<u>2,079,587</u>	<u>302,329</u>	
Ohio Public Works Commission Loans (OPWC):								
0.00%	Railroad Street Sanitary Sewer	2006	50,625	0	(3,750)	46,875	3,750	
0.00%	Sanitary Sewer Separation	2013	22,820	0	(931)	21,889	931	
0.00%	Water Storage Improvement	2009	240,000	0	(15,000)	225,000	15,000	
Total Ohio Public Works Commission Loans			<u>313,445</u>	<u>0</u>	<u>(19,681)</u>	<u>293,764</u>	<u>19,681</u>	
Installment Loans:								
2.9-3.34%	Sewer Backflow Preventer	2010	197,506	0	(197,506)	0	0	
General Obligation Bonds:								
5.22%	Water Storage	2008	1,026,000	0	(81,000)	945,000	85,000	
2.0-5.25%	Sewer System Improvement	2011	10,600,000	0	(230,000)	10,370,000	235,000	
1.50%	Refuse Vehicle	2013	128,000	0	(31,300)	96,700	31,700	
0.90%	Sewer Backflow Preventer	2013	211,856	0	(105,476)	106,380	106,380	
Total General Obligation Bonds			<u>11,965,856</u>	<u>0</u>	<u>(447,776)</u>	<u>11,518,080</u>	<u>458,080</u>	
Compensated Absences			<u>204,325</u>	<u>56,474</u>	<u>(74,666)</u>	<u>186,133</u>	<u>74,234</u>	
Total Business-Type Long-Term Debt			<u>\$15,071,036</u>	<u>\$56,474</u>	<u>(\$1,049,946)</u>	<u>\$14,077,564</u>	<u>\$854,324</u>	
Governmental Activities Long-Term Debt:								
General Obligation Bonds:								
3.40%	Building Improvement Refunding	2013	\$790,000	\$0	(\$80,000)	\$710,000	\$75,000	
3.40%	Fire House Construction Refunding	2013	1,100,000	0	(40,000)	1,060,000	40,000	
1.50%	Various Purpose	2013	397,000	0	(97,100)	299,900	98,500	
0.90%	Sewer Backflow Preventer	2013	4,622	0	(2,301)	2,321	2,321	
Total General Obligation Bonds			<u>2,291,622</u>	<u>0</u>	<u>(219,401)</u>	<u>2,072,221</u>	<u>215,821</u>	
Installment Loans:								
2.9-3.34%	Sewer Backflow Preventer	2010	4,859	0	(4,859)	0	0	
2.50%	HVAC Cooling Tower	2011	40,843	0	(27,067)	13,776	13,776	
2.15%	Pumper Fire Truck	2014	0	388,714	0	388,714	52,029	
Total Installment Loans			<u>45,702</u>	<u>388,714</u>	<u>(31,926)</u>	<u>402,490</u>	<u>65,805</u>	
Police/Fire Accrued Pension Obligations			<u>408,891</u>	<u>0</u>	<u>(11,986)</u>	<u>396,905</u>	<u>12,501</u>	
Compensated Absences			<u>233,092</u>	<u>108,562</u>	<u>(130,938)</u>	<u>210,716</u>	<u>131,424</u>	
Total Other Long-Term Obligations:			<u>641,983</u>	<u>108,562</u>	<u>(142,924)</u>	<u>607,621</u>	<u>143,925</u>	
Total Governmental Activities			<u>\$2,979,307</u>	<u>\$497,276</u>	<u>(\$394,251)</u>	<u>\$3,082,332</u>	<u>\$425,551</u>	

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2014, follows:

Years	OWDA Loans		General Obligation Bonds		OPWC Loans		Police/Fire Accrued Pension Liability		Installment Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$291,938	\$24,065	\$673,901	\$597,639	\$19,681	\$0	\$12,501	\$16,737	\$65,805	\$8,259
2016	297,776	18,226	581,300	581,548	19,681	0	13,038	16,200	53,155	6,961
2017	303,732	12,270	603,100	564,823	19,681	0	13,598	15,640	54,305	5,811
2018	309,807	6,196	489,000	547,141	19,681	0	14,182	15,056	55,479	4,636
2019	0	0	499,000	529,733	19,681	0	14,792	14,447	56,680	3,436
2020-2024	0	0	2,484,000	2,340,357	98,407	0	84,051	62,141	117,066	2,847
2025-2029	0	0	2,100,000	1,871,198	89,032	0	103,720	42,472	0	0
2030-2034	0	0	2,545,000	1,339,855	4,658	0	127,993	18,199	0	0
2035-2039	0	0	2,930,000	656,513	3,262	0	13,030	273	0	0
2039-2040	0	0	685,000	35,963	0	0	0	0	0	0
Totals	<u>\$1,203,253</u>	<u>\$60,757</u>	<u>\$13,590,301</u>	<u>\$9,064,770</u>	<u>\$293,764</u>	<u>\$0</u>	<u>\$396,905</u>	<u>\$201,165</u>	<u>\$402,490</u>	<u>\$31,950</u>

A. Police and Firemen's Pension Fund

The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2014 was \$598,070 in principal and interest payments through the year 2035. Only the principal amount of \$396,905 is included in the Long-Term debt amount.

B. OWDA Loans

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

C. New Debt Issuance

In 2014 the City entered into a loan with Citizens Deposit Bank and Trust for the purchase of a pumper fire truck in the amount of \$388,714 for a term of 7 years with the first payment beginning on June 23, 2015 and every six months thereafter. The loan has a variable interest rate of 2.75% to 4%. Collateral consists of a certificate of deposit in the name of the City of Ironton with a December 23, 2014 current value of \$1,500,000 and a hold value of \$388,464.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 13 - RISK MANAGEMENT

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims. The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2013:

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u><u>\$21,651,689</u></u>	<u><u>\$23,038,920</u></u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the City's share of these unpaid claims collectible in future years is approximately \$66,466.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 13 - RISK MANAGEMENT (Continued)

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

<u>Contributions to PEP</u>	
2013	\$98,173
2014	\$100,706

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

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 14 - CONTINGENCIES

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

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2014.

CITY OF Ironton, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

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

The purposes of the governing foundation include:

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

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

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

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

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

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

NOTE 16 – NONCOMPLIANCE

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

The fund deficits at December 31, 2014 of \$5,405 in the Recreation Fund, \$5,876 in the Fire Pension Fund, (special revenue funds) and \$146,939 in the Clean Ohio Fund (capital projects fund) arises from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary/cash basis. The general fund provides transfers when cash is required, not when accruals occur.

CITY OF IRONTON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 17 – CONTRACTUAL COMMITMENTS

The City had the following significant contractual commitments at December 31, 2014:

Project	Contract Amount	Total Amount Paid 12/31/2014	Remaining Contractual Commitment
Gateway Project	\$1,233,408	\$994,412	\$238,996
Ironton Riverfront	2,280,530	1,557,216	723,314
Phase III Separation	212,000	62,000	150,000
Sewer Separation	415,461	394,858	20,603
Manhole Rehabilitation	957,003	933,624	23,379

NOTE 18 – SUBSEQUENT EVENTS

On July 9, 2015 the City Council approved Ordinance 15-28 providing for the issuance of not to exceed \$136,000 of bonds by the City for acquiring a refuse truck and authorizing sale of the bonds to the County Treasurer. The bonds were issued on July 15, 2015 for a term of four years at an interest rate of 1.75% with the first payment due date of March 1, 2016.

On December 10, 2015 the City Council approved Ordinance 15-38 to enter into an agreement with Allard Excavation, LLC for construction of the Riverfront Transient Dock and Riverwalk Project in the amount of \$668,878.

On May 28, 2016 the City Council approved Ordinance 16-27 providing for the issuance of not to exceed \$1,120,000 of bonds by the City for making storm water system improvements and authorizing sale of the bonds.

On May 28, 2016 the City Council approved Ordinance 16-29 authorizing and directing the Mayor to execute an agreement with Tribute Contracting and Consultants, LLC for construction of the Ironton Storm / Sanitary Sewer Separation Phase 3 Project in the amount of \$774,088.

CITY OF IRONTON
LAWRENCE COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Grant/Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Ohio Development Services Agency</i>			
Community Development Block Grants/State's Program			
Community Development Program	A-F-12-2CA-1	14.228	\$28,805
Community Development Program	A-E-13-2CA-1		500,000
CDBG Revolving Loan	A-E-02-134-1		<u>180,928</u>
Total Community Development Block Grants/State's Program			<u>709,733</u>
Total U.S. Department of Housing and Urban Development			709,733
U.S. DEPARTMENT OF HIGHWAY ADMINISTRATION			
<i>Passed through Ohio Department of Transportation (ODOT)</i>			
Highway Planning and Construction	PID 85825	20.205	<u>732,898</u>
Total U.S. Department of Highway Administration			732,898
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed through Ohio Environmental Protection Agency</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	12-005 ADMN	66.818	<u>31,252</u>
Total U.S. Environmental Protection Agency			31,252
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Ohio Department of Health</i>			
Medical Assistance Program	ADMIN-20989-38T	93.778	37,620
Maternal and Child Health Services Block Grant to the States	DOHF17H3F1	93.994	<u>1,000</u>
Total U.S. Department of Health and Human Services			<u>38,620</u>
Total Federal Awards Expenditures			<u><u>\$1,512,503</u></u>

The accompanying notes are an integral part of this Schedule.

**CITY OF IRONTON
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

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

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City, passed through the Ohio Development Services Agency. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2014 is as follows:

Beginning loans receivable balance as of January 1, 2014	\$ 441,756
Loans made	\$ -
Loan principal repaid	\$ 39,885
Ending loans receivable balance as of December 31, 2014	\$ 401,871
Cash balance on hand in the revolving loan fund as of December 31, 2014	\$ 33,763
Administrative costs expended during 2014	\$ 9,685

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2014, delinquent amounts due are \$0.

NOTE C - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

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 auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ironton, Lawrence County, Ohio (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 25, 2016 wherein we noted the City did not update capital assets on their current financial statements and did not provide adequate support for the amounts reported as capital assets and net investment in capital assets. We qualified our report on the City's capital assets and net investment in capital assets in the Statement of Net Position for the Governmental and Business Type Activities, Water Fund, Sewer Fund, Sanitation Fund, and the Storm Water Fund.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. We consider Findings 2014-003 and 2014-004 in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2014-005 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2014-001 and 2014-002.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

July 25, 2016



Dave Yost • Auditor of State

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

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

To the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Ironton's, Lawrence County, Ohio (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City's major federal programs for the year ended December 31, 2014. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the City's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Ironton complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying Schedule of Findings as item 2014-006. This finding did not require us to modify our compliance opinion on the major federal program.

The City's responses to our noncompliance finding are described in the accompanying Schedule of Findings and / or Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying Schedule of Findings as item 2014-006.

The City's responses to the internal control over compliance finding we identified is described in the accompanying Schedule of Findings and / or Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

July 25, 2016

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**CITY OF IRONTON
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified – Governmental Activities, Business Type Activities, Water Fund, Sewer Fund, Sanitation Fund and Storm Water Fund Unmodified – General Fund, Community Development Fund, and Aggregate Remaining Fund Information
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified – Community Development Block Grants/State's Program: CFDA #14.228 Unmodified – Highway Planning and Construction: CFDA #20.205
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants/State's Program: CFDA #14.228 Highway Planning and Construction: CFDA #20.205
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2014-001

Noncompliance

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

Ohio Administrative Code Section 117-2-03(B) states all counties, cities and school districts, including educational school districts and community schools, shall file annual financial reports which are prepared using Generally Accepted Accounting Principles (GAAP). Per Ohio Rev. Code Section 117.38, GAAP Basis entities are required to file annual reports within 150 days of their fiscal year end. To be complete, GAAP entities must submit the basic financial statements, notes to the basic financial statements, Management's Discussion and Analysis, and any other required supplementary information to be considered a complete filing. A penalty of \$25 per day (\$750 maximum) is permissible under Ohio Rev. Code Section 117.38.

The City did not file their GAAP basis financial statements within 150 days after their year-end. The 2014 GAAP basis financial statements were filed on February 24, 2016.

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

Officials' Response:

Finance Director will comply in accordance with the ORC for filing.

FINDING NUMBER 2014-002

Noncompliance

Ohio Rev. Code, Section 135.18, (specific collateral) and **Ohio Rev. Code, Section 135.181**, (pooled collateral) states the treasurer of a political subdivision must require the depository to provide security equal to the funds on deposit at all times. Security may consist of federal deposit insurance, surety company bonds, or pledged securities.

In lieu of the specific pledging requirements of Ohio Rev. Code Section 135.18, a public depository at its option may pledge a single pool of eligible securities to secure the repayment of all its public deposits not otherwise secured, provided that at all times the total market value of the securities so pledged is at least equal to one hundred five per cent of its uninsured public deposits to be secured by the pooled securities.

At December 31, 2014, the City had funds in the amount of \$1,162,867 at Citizens Deposit Bank for which support was not provided that the amount was covered by pledged or pooled collateral. This could result in monies not being properly secured.

We recommend the City review all financial institution deposit balances and ensure there is proper and adequate pledged or pooled collateral in place.

**FINDING NUMBER 2014-002
(Continued)**

Officials' Response:

All funds within the financial institution are currently collateralized. The bank underwent a buyout and the statement was not in place during the transition.

FINDING NUMBER 2014-003

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

Also public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The City's process for reconciling their accounting system ending fund balances to bank balances at month and year end contained errors that resulted in the City's accounting system ending fund balances being inaccurate. The following conditions were identified in testing the year end reconciliation and process:

- Although the City reconciled each of their accounts on a monthly basis, they were reconciling the bank accounts to a manual check register maintained outside of the accounting system and were not directly reconciling to the accounting system fund balance. When the system balance was compared to the bank balances, unrecorded Sewer and Storm Water Fund expenditures totaling \$189,723 were identified.
- Included on the City's bank reconciliation was an adjusting factor amount of \$41,488 described as "Misposted voids" which related to errors that had been made in the system during 2013 and in previous years related to voiding of checks. These errors resulted in the accounting system expenditures being inaccurate.
- Included on the City bank reconciliation was an additional adjusting factor of \$7,243 which related to a net underfunding of the payroll clearing account and was comprised of 32 items. Further, the payroll clearing account reconciliation included other adjusting factors totaling an amount of \$13,444 which was comprised of numerous items some of which dated back to 2010. The City indicated these items were due to payrolls over the past few years that had either been over or under funded through transfers from the corporate checking account. These items were never zeroed out to keep the payroll account in balance and could result in the accounting system expenditures being inaccurate.
- Included on the City's bank reconciliation were General Checking Account items described as Outstanding Deposits in the amount of \$13,508 which consisted of numerous items some of which dated back to 2012 and included descriptions such as NSF items and interest items.
- The City is maintaining checks on their outstanding check listing that have been outstanding for more than 90 days which should be voided and paid into an unclaimed monies fund. See Auditor of State Bulletin 1991-11 for guidance regarding outstanding checks.

**FINDING NUMBER 2014-003
(Continued)**

Material Weakness

These conditions could result in cumbersome reconciliation procedures, inaccurate fund balances, and increase the risk that error, theft and fraud may occur and not be detected in a timely manner.

Therefore, we make the following recommendations:

- We recommend the City Finance Director change the process of reconciling accounts to ensure that the City is reconciling directly to the accounting system balances on a monthly basis. All receipts and expenditures should be posted to the accounting system and any reconciling items should be documented, investigated, and corrected to prevent unsupported adjustments from being recorded and to avoid carrying items forward for an extended period of time.
- We recommend the City Finance Director maintain accurate listings of outstanding checks and deposits and to follow up on items which have been outstanding for an extended period of time to ensure that proper credit is given to the City for outstanding deposits, outstanding deposits are properly supported, and long outstanding checks are voided and paid into an unclaimed monies fund or reissued.
- We recommend adjusting factors that are the result of errors be reviewed and actions taken to address those items and those items be removed from the reconciliation process.
- We recommend the monthly bank reconciliation be reviewed and approved by the City Council as part of their regular meetings and signed or initialed by the Council President to evidence review and approval.

Officials' Response:

Due to employee transition, an RLF payment was not posted but upon discovery was posted. The Finance Director will enlist the software company to assist in correcting the misposted voids. The Finance Dept. enacted a policy that all payrolls will be accurately funded and reconciled timely. The City continuously is working to clear outdated checks or reissue checks or move monies to unclaimed for non-responsive reissue letters.

FINDING NUMBER 2014-004

Material Weakness

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

- The City did not have a formal policy for capital assets. We recommend a formal policy be adopted by the City Council for capital assets. This policy should include, but not be limited to, the following: the capitalization threshold, category or class of assets, initial capitalization of infrastructure, method of cost capitalization, method of depreciation and useful lives, and methods of acquisition or disposal.

**FINDING NUMBER 2014-004
(Continued)**

Material Weakness

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

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

We recommend the City create and implement a system to track and report capital assets.

Officials' Response:

In 2015, the city moved towards its first conversion of loading assets into the software system. The conversion should be completed by June 2016 with current City assets.

FINDING NUMBER 2014-005

Significant Deficiency

Sound financial reporting is the responsibility of the City Finance Director and City Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Receipts and Expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code. The City Finance Director should post all activity relating to the City's finances into the City's financial accounting system.

During our testing of financial activity for 2014, we identified both revenues and expenditures that were not posted to the City's accounting system in 2014. In addition, reclassifications and adjustments were identified in the annual financial report submitted to the Auditor of State for fiscal year 2014. These misstatements had the following effect on the City's financial statements:

- Unrecorded revenues and expenditures in the amount of \$50,343 relating to Ohio Department of Transportation (ODOT) on-behalf activity were identified.

**FINDING NUMBER 2014-005
(Continued)**

Significant Deficiency

- The General Fund included revenue and expenditure activity in the amount of \$59,161 relating Ohio Department of Transportation (ODOT) funds which should have been recorded in the Capital Infrastructure Project Fund.
- Assigned fund balance was overstated in the General Fund by \$224,443 for the amount by which fiscal year 2015 appropriations exceeded fiscal year 2015 estimated receipts.
- Charges for services revenues relating to the Recreation Fund in the amount of \$16,737 and Revolving Loan Fund in the amount of \$67,137 were classified as other revenues.
- An unrecorded intergovernmental payable in the amount of \$21,768 was identified relating to a pension deferral option.
- Unrecorded income taxes receivable in the amount of \$163,937 were identified relating to delinquent amounts.
- An overstatement to intergovernmental receivables was identified in the amount of \$74,000 in the General Fund.
- General Fund original budget expenditures were understated in an amount of \$140,649 for security of persons and property and \$44,980 for capital outlay.
- General Fund original budget expenditures were overstated for general government \$38,133; debt service \$50,693; and transfers out \$40,000.
- General Fund original budget revenues were understated for property taxes and fines and forfeitures in amounts of \$100,275 and \$54,533 respectively.
- General Fund original budget revenues were overstated for intergovernmental revenues and all other revenues by \$89,619 and \$63,060 respectively.

This resulted in audit adjustments and reclassifications to the financial statements, where appropriate.

These types of errors and omissions can result in the basic financial statements not being accurate. Further, failure to properly record and account for "on-behalf-of" programs administered by the State can result in federal grant programs not being properly reported on the City's Schedule of Federal Awards Expenditures and could have an effect on major Federal program determinations.

To ensure the City's financial statements and notes to the financial statements are complete and accurate, we make the following recommendations:

- We recommend the City adopt policies and procedures, including a final review of the statements and footnotes by the City Finance Director and City Council to identify and correct errors and omissions.
- We recommend the City Finance Director ensure all activity of the City is posted timely to the accounting system and take care in posting transactions in order to ensure the year-end financial statements reflect the appropriate activity for the City's receipts and expenditures.

**FINDING NUMBER 2014-005
 (Continued)**

Significant Deficiency

- We recommend the City Council and City Finance Director review both revenue and disbursement items to help ensure accuracy and reliability in the financial reporting process. These reviews should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified in the financial statements.

Officials' Response:

The Finance Director will thoroughly review both revenue and disbursement items to ensure accuracy and reliability in financial reporting.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2014-006

Finding Number	2014-006
CFDA Title and Number	Community Development Block Grants/State's Program – CFDA # 14.228
Federal Award Number / Year	A-E-02-134-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Development Services Agency

Noncompliance Citation / Significant Deficiency – Program Income

24 CFR 85.25, states program income includes income from payments of principal and interest on loans made with grant funds.

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

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

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

**FINDING NUMBER 2014-006
(Continued)**

Noncompliance Citation / Significant Deficiency – Program Income

On April 7, 1986, the City entered into an agreement with the Ironton-Lawrence County Community Action Organization (CAO), where the CAO was named as the delegate agency and administrator for the City's Community Development Block Grant programs for the purpose of making business loans and the establishment of the City's RLF program. Borrowers make the RLF loan payments to the CAO which deposits the payments into checking accounts established by the CAO for each borrower. Monies are only transferred to the City when a disbursement is to be made, and the CAO contacts the City to let them know who to make the check payable to and the amount. A payment is made approximately three times per year to the City for a portion of the collections from the outstanding Revolving Loan Funds. The amount of program income received during the audit period was \$67,137. As of the date of this audit, the City has attempted, but has not regained control of the accounts.

We recommend the Revolving Loan Fund accounts be under the control of the City and that all receipts that are collected from the outstanding loans be collected by the City. Payments from the borrowers should be made directly to the City and they should deposit those funds into their appropriate City bank accounts.

Officials' Response:

The City has addressed this issue with the CAO in previous audits. We have attempted to gain control of the accounts and loans with no avail. The Finance Director has sent the CAO a letter from the City Solicitor to encourage them to relinquish control.

**CITY OF IRONTON
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(B)
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Difference Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Noncompliance / finding for recovery repaid under audit relating to an overpayment to a bargaining unit employee.	Yes	
2013-002	Noncompliance citation relating to Ohio Rev. Code Section 117.38 for not filing GAAP basis financial statements within 150 days after year end.	No	Not Corrected. Similar item issued as Finding Number 2014-001.
2013-003	Noncompliance citation relating to Ohio Rev. Code Section 135.18 for funds on deposit not being properly secured or collateralized.	No	Not Corrected. Similar item issued as Finding Number 2014-002.
2013-004	Material weakness relating to errors identified in year-end reconciliation and process.	No	Not Corrected. Similar item issued as Finding Number 2014-003.
2013-005	Material weakness relating to not updating capital assets on current financial statements.	No	Not Corrected. Similar item issued as Finding Number 2014-004.
2013-006	Material weakness relating to financial reporting and audit adjustments and reclassifications being necessary to the financial statements.	No	Not Corrected. Similar item issued as Finding Number 2014-005.
2013-007	Noncompliance citation / material weakness relating to cash management requirements.	Yes	
2013-008	Noncompliance relating to cash management requirements of the Community Development Block Grant Program for revolving loan fund monies not being under the control of the City.	No	Not Corrected. Similar item issued as Finding Number 2014-006.

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**CITY OF IRONTON
LAWRENCE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315(c)
DECEMBER 31, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	Finance Director will comply in accordance with the ORC for filing.	December 31, 2016	Kristen Martin, Finance Director
2014-002	All funds within the financial institution are currently collateralized. The bank underwent a buyout and the statement was not in place during the transition.	December 31, 2016	Kristen Martin, Finance Director
2014-003	Due to employee transition, an RLF payment was not posted but upon discovery was posted. The Finance Director will enlist the software company to assist in correcting the misposted voids. The Finance Dept. enacted a policy that all payrolls will be accurately funded and reconciled timely. The City continuously is working to clear outdated checks or reissue checks or move monies to unclaimed for non-responsive reissue letters.	December 31, 2016	Kristen Martin, Finance Director
2014-004	In 2015, the city moved towards its first conversion of loading assets into the software system. The conversion should be completed by June 2016 with current City assets.	December 31, 2016	Kristen Martin, Finance Director
2014-005	The Finance Director will thoroughly review both revenue and disbursement items to ensure accuracy and reliability in financial reporting.	December 31, 2016	Kristen Martin, Finance Director
2014-006	The City has addressed this issue with the CAO in previous audits. We have attempted to gain control of the accounts and loans with no avail. The Finance Director has sent the CAO a letter from the City Solicitor to encourage them to relinquish control.	December 31, 2016	Kristen Martin, Finance Director

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Dave Yost • Auditor of State

CITY OF IRONTON

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 16, 2016