



**CITY OF IRONTON
LAWRENCE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF IRONTON
LAWRENCE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Ironton, Lawrence County, Ohio (the City), as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Ironton, Lawrence County, as of December 31, 2000, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the City, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

July 20, 2001

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THE CITY OF IRONTON, OHIO

LAWRENCE COUNTY

GENERAL PURPOSE
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2000

Prepared by:
Cynthia O. Anderson
Director of Finance

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THE CITY OF IRONTON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$613,358	\$1,326,583	\$62,683	\$80,118
Investments	39,951	25,192	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	497,211	250,189	0	0
Accounts	1,601	0	0	0
Special Assessments	0	0	255,476	0
Interest	235	0	0	0
Loans	0	119,609	0	0
Due from Other Funds	13,131	3,306	0	1,380
Intergovernmental Receivables	109,514	25,291	0	0
Inventory of Supplies at Cost	0	8,383	0	0
Prepaid Items	14,425	2,050	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	86,198
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$1,289,426</u>	<u>\$1,760,603</u>	<u>\$318,159</u>	<u>\$167,696</u>

THE CITY OF IRONTON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$2,232,404	\$30,890	\$62,947	\$0	\$0	\$4,408,983
145,408	0	0	0	0	210,551
0	0	0	0	0	747,400
555,245	0	0	0	0	556,846
0	0	0	0	0	255,476
890	0	0	0	0	1,125
0	0	0	0	0	119,609
0	0	0	0	0	17,817
0	0	0	0	0	134,805
125,503	0	0	0	0	133,886
6,958	0	0	0	0	23,433
0	0	0	0	0	86,198
12,219,881	0	0	8,201,593	0	20,421,474
0	0	0	0	62,683	62,683
0	0	0	0	3,019,596	3,019,596
<u>\$15,286,289</u>	<u>\$30,890</u>	<u>\$62,947</u>	<u>\$8,201,593</u>	<u>\$3,082,279</u>	<u>\$30,199,882</u>

(Continued)

THE CITY OF IRONTON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General	Special	Debt	Capital
	Fund	Revenue	Service	Projects
	Funds	Funds	Funds	Funds
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$12,710	\$11,193	\$0	\$0
Accrued Wages and Benefits	182,418	29,273	0	0
Retainage Payable	0	0	0	86,198
Due to Other Funds	0	0	0	0
Due to Others	0	0	0	0
Accrued Interest Payable	657	0	0	3,479
Deferred Revenue	297,124	368,793	255,476	0
Compensated Absences Payable	0	0	0	0
Capital Lease Payable	0	0	0	0
General Obligation Notes Payable	100,000	0	0	90,000
Intergovernmental Payable	0	0	0	0
Installment Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Bonds Payable	0	0	0	0
Ohio Water Development				
Authority Loan Payable	0	0	0	0
Long-Term Obligation Payable	0	0	0	0
Police/Fire Accrued Pension Liability	0	0	0	0
Total Liabilities	<u>592,909</u>	<u>409,259</u>	<u>255,476</u>	<u>179,677</u>
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	6,331	3,204	0	52,250
Reserved for Supplies Inventory	0	8,383	0	0
Reserved for Prepaid Items	14,425	2,050	0	0
Reserved for Debt Service	0	0	62,683	0
Unreserved	675,761	1,337,707	0	(64,231)
Total Equity and Other Credits	<u>696,517</u>	<u>1,351,344</u>	<u>62,683</u>	<u>(11,981)</u>
Total Liabilities, Equity and Other Credits	<u>\$1,289,426</u>	<u>\$1,760,603</u>	<u>\$318,159</u>	<u>\$167,696</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF IRONTON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$54,593	\$6,580	\$0	\$0	\$0	\$85,076
70,743	0	0	0	0	282,434
0	0	0	0	0	86,198
0	0	17,817	0	0	17,817
0	0	32,572	0	0	32,572
582	0	0	0	0	4,718
0	0	0	0	0	921,393
151,062	0	0	0	329,655	480,717
1,054	0	0	0	34,622	35,676
0	0	0	0	0	190,000
0	0	0	0	7,000	7,000
13,136	0	0	0	630,341	643,477
0	0	0	0	1,390,000	1,390,000
0	0	0	0	110,000	110,000
6,366,041	0	0	0	0	6,366,041
0	0	0	0	54,240	54,240
0	0	0	0	526,421	526,421
<u>6,657,211</u>	<u>6,580</u>	<u>50,389</u>	<u>0</u>	<u>3,082,279</u>	<u>11,233,780</u>
0	0	0	8,201,593	0	8,201,593
8,629,078	24,310	0	0	0	8,653,388
0	0	10,343	0	0	72,128
0	0	0	0	0	8,383
0	0	0	0	0	16,475
0	0	0	0	0	62,683
0	0	2,215	0	0	1,951,452
<u>8,629,078</u>	<u>24,310</u>	<u>12,558</u>	<u>8,201,593</u>	<u>0</u>	<u>18,966,102</u>
<u>\$15,286,289</u>	<u>\$30,890</u>	<u>\$62,947</u>	<u>\$8,201,593</u>	<u>\$3,082,279</u>	<u>\$30,199,882</u>

THE CITY OF IRONTON, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expendable Trust Funds	
Revenues:						
Taxes	\$2,018,554	\$211,664	\$0	\$0	\$0	\$2,230,218
Intergovernmental Revenues	894,329	1,250,904	0	944,723	0	3,089,956
Charges for Services	28,851	353,593	0	0	0	382,444
Licenses and Permits	37,600	61,261	0	0	0	98,861
Investment Earnings	19,278	30,779	7,699	69	0	57,825
Special Assessments	0	0	72,701	0	0	72,701
Fines and Forfeitures	256,794	82,839	0	24,370	0	364,003
All Other Revenues	63,864	262,573	0	0	21,242	347,679
Total Revenues	<u>3,319,270</u>	<u>2,253,613</u>	<u>80,400</u>	<u>969,162</u>	<u>21,242</u>	<u>6,643,687</u>
Expenditures:						
Current:						
Security of Persons and Property	1,946,934	185,305	0	0	0	2,132,239
Public Health and Welfare Services	0	198,689	0	0	0	198,689
Leisure Time Activities	0	66,867	0	0	0	66,867
Community Environment	0	720,578	0	0	0	720,578
Transportation	40,112	445,958	0	0	0	486,070
General Government	1,285,726	17,170	0	0	0	1,302,896
Other Expenditures	0	6,095	0	0	22,926	29,021
Capital Outlay	0	230,447	0	939,507	0	1,169,954
Debt Service:						
Principal Retirements	45,938	82,203	150,000	0	0	278,141
Interest and Fiscal Charges	16,882	52,317	94,841	4,553	0	168,593
Total Expenditures	<u>3,335,592</u>	<u>2,005,629</u>	<u>244,841</u>	<u>944,060</u>	<u>22,926</u>	<u>6,553,048</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,322)	247,984	(164,441)	25,102	(1,684)	90,639
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	122,745	1,175	0	0	0	123,920
Proceeds from Intergovernmental Loans	7,000	0	0	0	0	7,000
Proceeds from Installment Loans	75,000	0	0	0	0	75,000
Operating Transfers In	525,335	281,986	661,042	13,639	0	1,482,002
Operating Transfers Out	(823,536)	(149,209)	(503,457)	0	(150)	(1,476,352)
Total Other Financing Sources (Uses)	<u>(93,456)</u>	<u>133,952</u>	<u>157,585</u>	<u>13,639</u>	<u>(150)</u>	<u>211,570</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(109,778)	381,936	(6,856)	38,741	(1,834)	302,209
Restated Fund Balance (Deficit)						
Beginning of Year	806,295	970,443	69,539	(50,722)	14,392	1,809,947
Decrease in Inventory Reserve	0	(1,035)	0	0	0	(1,035)
Fund Balance (Deficit) End of Year	<u>\$696,517</u>	<u>\$1,351,344</u>	<u>\$62,683</u>	<u>(\$11,981)</u>	<u>\$12,558</u>	<u>\$2,111,121</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF IRONTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$1,977,989	\$2,023,893	\$45,904	\$198,745	\$211,904	\$13,159
Intergovernmental Revenues	866,370	869,232	2,862	1,313,928	1,256,650	(57,278)
Charges for Services	29,055	28,778	(277)	352,659	353,593	934
Licenses and Permits	37,242	37,700	458	59,431	61,261	1,830
Investment Earnings	19,000	19,043	43	11,330	11,676	346
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	261,856	261,682	(174)	83,090	83,281	191
All Other Revenues	66,371	66,374	3	27,132	27,926	794
Total Revenues	<u>3,257,883</u>	<u>3,306,702</u>	<u>48,819</u>	<u>2,046,315</u>	<u>2,006,291</u>	<u>(40,024)</u>
Expenditures:						
Current:						
Security of Persons and Property	1,950,646	1,923,942	26,704	202,801	193,859	8,942
Public Health and Welfare Services	0	0	0	211,767	197,656	14,111
Leisure Time Activities	0	0	0	70,326	66,414	3,912
Community Environment	0	0	0	778,805	711,805	67,000
Transportation	40,212	40,011	201	491,391	452,148	39,243
General Government	1,393,960	1,310,524	83,436	80,000	17,172	62,828
Other Expenditures	0	0	0	28,755	6,095	22,660
Capital Outlay	0	0	0	232,945	230,447	2,498
Debt Service:						
Principal Retirement	80,938	80,938	0	82,203	82,203	0
Interest and Fiscal Charges	87,612	87,611	1	60,526	60,526	0
Total Expenditures	<u>3,553,368</u>	<u>3,443,026</u>	<u>110,342</u>	<u>2,239,519</u>	<u>2,018,325</u>	<u>221,194</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(295,485)	(136,324)	159,161	(193,204)	(12,034)	181,170
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	122,745	122,745	0	1,175	1,175	0
Proceeds from Intergovernmental Loans	7,000	7,000	0	0	0	0
Proceeds from Installment Loans	75,000	75,000	0	0	0	0
Proceeds from General Obligation Notes	0	0	0	0	0	0
Operating Transfers In	631,150	631,150	0	281,986	281,986	0
Operating Transfers Out	(823,536)	(823,536)	0	(141,000)	(141,000)	0
Total Other Financing Sources (Uses)	<u>12,359</u>	<u>12,359</u>	<u>0</u>	<u>142,161</u>	<u>142,161</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(283,126)	(123,965)	159,161	(51,043)	130,127	181,170
Fund Balance at Beginning of Year	681,349	681,349	0	671,781	671,781	0
Prior Year Encumbrances	55,701	55,701	0	16,117	16,117	0
Fund Balance at End of Year	<u>\$453,924</u>	<u>\$613,085</u>	<u>\$159,161</u>	<u>\$636,855</u>	<u>\$818,025</u>	<u>\$181,170</u>

The notes to the general purpose financial statements are an integral part of this statement.

(Continued)

THE CITY OF IRONTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	958,384	958,383	(1)
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Investment Earnings	6,925	7,699	774	69	69	0
Special Assessments	72,701	72,701	0	0	0	0
Fines and Forfeitures	0	0	0	22,990	22,990	0
All Other Revenues	0	0	0	0	0	0
Total Revenues	79,626	80,400	774	981,443	981,442	(1)
Expenditures:						
Current:						
Security of Persons and Property	0	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
General Government	0	0	0	0	0	0
Other Expenditures	0	0	0	0	0	0
Capital Outlay	0	0	0	915,750	910,941	4,809
Debt Service:						
Principal Retirement	115,000	115,000	0	190,000	190,000	0
Interest and Fiscal Charges	20,460	19,456	1,004	0	0	0
Total Expenditures	135,460	134,456	1,004	1,105,750	1,100,941	4,809
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,834)	(54,056)	1,778	(124,307)	(119,499)	4,808
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Proceeds from Intergovernmental Loans	0	0	0	0	0	0
Proceeds from Installment Loans	0	0	0	0	0	0
Proceeds from General Obligation Notes	0	0	0	190,000	190,000	0
Operating Transfers In	550,657	550,657	0	10,000	10,000	0
Operating Transfers Out	(503,457)	(503,457)	0	0	0	0
Total Other Financing Sources (Uses)	47,200	47,200	0	200,000	200,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(8,634)	(6,856)	1,778	75,693	80,501	4,808
Fund Balance at Beginning of Year	69,539	69,539	0	33,565	33,565	0
Prior Year Encumbrances	0	0	0	0	0	0
Fund Balance at End of Year	\$60,905	\$62,683	\$1,778	\$109,258	\$114,066	\$4,808

(Continued)

THE CITY OF IRONTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Expendable Trust Funds</u>			<u>Totals (Memorandum Only)</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$0	\$0	\$0	\$2,176,734	\$2,235,797	\$59,063
Intergovernmental Revenues	0	0	0	3,138,682	3,084,265	(54,417)
Charges for Services	0	0	0	381,714	382,371	657
Licenses and Permits	0	0	0	96,673	98,961	2,288
Investment Earnings	0	0	0	37,324	38,487	1,163
Special Assessments	0	0	0	72,701	72,701	0
Fines and Forfeitures	0	0	0	367,936	367,953	17
All Other Revenues	25,242	25,242	0	118,745	119,542	797
Total Revenues	25,242	25,242	0	6,390,509	6,400,077	9,568
Expenditures:						
Current:						
Security of Persons and Property	0	0	0	2,153,447	2,117,801	35,646
Public Health and Welfare Services	0	0	0	211,767	197,656	14,111
Leisure Time Activities	0	0	0	70,326	66,414	3,912
Community Environment	0	0	0	778,805	711,805	67,000
Transportation	0	0	0	531,603	492,159	39,444
General Government	0	0	0	1,473,960	1,327,696	146,264
Other Expenditures	39,120	39,120	0	67,875	45,215	22,660
Capital Outlay	0	0	0	1,148,695	1,141,388	7,307
Debt Service:						
Principal Retirement	0	0	0	468,141	468,141	0
Interest and Fiscal Charges	0	0	0	168,598	167,593	1,005
Total Expenditures	39,120	39,120	0	7,073,217	6,735,868	337,349
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,878)	(13,878)	0	(682,708)	(335,791)	346,917
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	123,920	123,920	0
Proceeds from Intergovernmental Loans	0	0	0	7,000	7,000	0
Proceeds from Installment Loans	0	0	0	75,000	75,000	0
Proceeds from General Obligation Notes	0	0	0	190,000	190,000	0
Operating Transfers In	0	0	0	1,473,793	1,473,793	0
Operating Transfers Out	(150)	(150)	0	(1,468,143)	(1,468,143)	0
Total Other Financing Sources (Uses)	(150)	(150)	0	401,570	401,570	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(14,028)	(14,028)	0	(281,138)	65,779	346,917
Fund Balance at Beginning of Year	548	548	0	1,456,782	1,456,782	0
Prior Year Encumbrances	15,695	15,695	0	87,513	87,513	0
Fund Balance at End of Year	\$2,215	\$2,215	\$0	\$1,263,157	\$1,610,074	\$346,917

THE CITY OF IRONTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	<i>Enterprise Funds</i>	<i>Internal Service Fund</i>	<i>Totals (Memorandum Only)</i>
<u>Operating Revenues:</u>			
Charges for Services	\$3,240,773	\$0	\$3,240,773
Other Operating Revenues	0	92,052	92,052
Total Operating Revenues	<u>3,240,773</u>	<u>92,052</u>	<u>3,332,825</u>
<u>Operating Expenses:</u>			
Personal Services	1,332,521	0	1,332,521
Materials and Supplies	256,575	0	256,575
Contractual Services	298,414	0	298,414
Utilities	139,304	0	139,304
Depreciation	459,653	0	459,653
Other Operating Expenses	325,328	94,211	419,539
Total Operating Expenses	<u>2,811,795</u>	<u>94,211</u>	<u>2,906,006</u>
Operating Income (Loss)	428,978	(2,159)	426,819
<u>Nonoperating Revenues (Expenses):</u>			
Investment Earnings	83,211	0	83,211
Interest and Fiscal Charges	(264,186)	0	(264,186)
Other Nonoperating Revenue	11,707	0	11,707
Other Nonoperating Expenses	(30,000)	0	(30,000)
Gain on Disposal of Fixed Assets	1,805	0	1,805
Total Nonoperating Revenues (Expenses)	<u>(197,463)</u>	<u>0</u>	<u>(197,463)</u>
Income (Loss) Before Operating Transfers	231,515	(2,159)	229,356
<u>Operating Transfers:</u>			
Operating Transfers Out	(5,650)	0	(5,650)
Total Operating Transfers	<u>(5,650)</u>	<u>0</u>	<u>(5,650)</u>
Net Income (Loss)	225,865	(2,159)	223,706
Retained Earnings at Beginning of Year	<u>8,403,213</u>	<u>26,469</u>	<u>8,429,682</u>
Retained Earnings at End of Year	<u><u>\$8,629,078</u></u>	<u><u>\$24,310</u></u>	<u><u>\$8,653,388</u></u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF IRONTON OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	<i>Enterprise Funds</i>	<i>Internal Service Fund</i>	<i>Totals (Memorandum Only)</i>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,160,304	\$92,052	\$3,252,356
Cash Payments for Goods and Services	(1,082,432)	(95,274)	(1,177,706)
Cash Payments to Employees	(1,307,260)	0	(1,307,260)
Net Cash Provided (Used) by Operating Activities	<u>770,612</u>	<u>(3,222)</u>	<u>767,390</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	<u>(5,650)</u>	<u>0</u>	<u>(5,650)</u>
Net Cash Used for Noncapital Financing Activities	<u>(5,650)</u>	<u>0</u>	<u>(5,650)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(73,106)	0	(73,106)
Proceeds from the Sale of Fixed Assets	1,805	0	1,805
Principal Paid on Installment Loans	(19,903)	0	(19,903)
Principal Paid on Ohio Water Development Authority Loans	(378,104)	0	(378,104)
Principal Paid on Capital Lease	(3,820)	0	(3,820)
Interest Paid on All Debt	(264,652)	0	(264,652)
Net Cash Used for Capital and Related Financing Activities	<u>(737,780)</u>	<u>0</u>	<u>(737,780)</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	(9,857)	0	(9,857)
Receipts of Interest	82,659	0	82,659
Net Cash Provided by Investing Activities	<u>72,802</u>	<u>0</u>	<u>72,802</u>
Net Increase (Decrease) in Cash and Cash Equivalents	99,984	(3,222)	96,762
Cash and Cash Equivalents at Beginning of Year	<u>2,132,420</u>	<u>34,112</u>	<u>2,166,532</u>
Cash and Cash Equivalents at End of Year	<u>\$2,232,404</u>	<u>\$30,890</u>	<u>\$2,263,294</u>

(Continued)

THE CITY OF IRONTON OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Enterprise</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$428,978	(\$2,159)	\$426,819
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	459,653	0	459,653
Miscellaneous Nonoperating Revenue	11,707	0	11,707
Miscellaneous Nonoperating Expense	(30,000)	0	(30,000)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(92,176)	0	(92,176)
Increase in Inventory	(319)	0	(319)
Decrease in Prepaid Items	4,467	0	4,467
Decrease in Accounts Payable	(36,959)	(1,063)	(38,022)
Increase in Accrued Wages and Benefits	16,319	0	16,319
Increase in Compensated Absences	8,942	0	8,942
Total Adjustments	<u>341,634</u>	<u>(1,063)</u>	<u>340,571</u>
Net Cash Provided (Used) by Operating Activities	<u>\$770,612</u>	<u>(\$3,222)</u>	<u>\$767,390</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2000 the Water and Sewer Funds had outstanding liabilities of \$25,603 and \$1,267 respectively for the purchase of certain capital assets.

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF IRONTON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000

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 accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2000 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 general purpose financial statements comply with the provisions of 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. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which includes the following services: public safety, street maintenance, construction and repair, sanitation, health and social services, recreation and general administrative services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system and a refuse collection system which are reported as enterprise funds.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, 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, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds - These funds are used for the accumulation of resources for the payment of general and special assessment long-term debt principal and interest.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than that financed by the proprietary funds).

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby 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 maintains separate enterprise funds for its water, sewer and sanitation (refuse collection) services.

Internal Service Fund - This fund is used to account for the financing of services provided by one department to other departments or agencies of the governmental unit or to other governmental units on a cost-reimbursement basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City maintains expendable trust funds and agency funds.

Expendable Trust Funds - These funds are accounted for and reported similarly to governmental funds.

Agency Funds - These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups - To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term liabilities of the City except those accounted for in the proprietary funds.

C. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. 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 and expendable trust and agency 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 for the City is 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.

Revenues considered susceptible to accrual at year end include income taxes withheld by employers, interest on investments and other local taxes (including hotel/motel tax and estate taxes). Other revenues, including licenses, permits, certain charges for services, fines and forfeitures, income taxes other than that withheld by employers and miscellaneous revenues, are recorded as revenues when received in cash because generally these revenues are not measurable until actually received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. **Basis of Accounting** (Continued)

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

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses recognized when incurred.

D. **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 by ordinance of the City Council.

1. **Tax Budget**

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

2. **Estimated Resources**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. Estimated Resources (Continued)

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 2000.

3. Appropriations

A temporary appropriations 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 appropriations ordinance establishes spending controls at the fund, department and object level. The appropriations 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. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. 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 appropriations balance is carried forward to the subsequent fiscal year and need not be reappropriated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

The City's budgetary process accounts for the City's 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 the 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. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the governmental funds and expendable trust funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Expendable Trust Funds
GAAP Basis (as reported)	(\$109,778)	\$381,936	(\$6,856)	\$38,741	(\$1,834)
Increase (Decrease):					
Accrued Revenues at December 31, 2000 received during 2001	(324,568)	(29,602)	0	(1,380)	0
Accrued Revenues at December 31, 1999 received during 2000	312,000	36,297	0	13,660	4,000
Accrued Expenditures at December 31, 2000 paid during 2001	195,785	40,466	0	89,677	0
Accrued Expenditures at December 31, 1999 paid during 2000	(157,757)	(39,622)	0	(7,947)	(5,851)
1999 Prepays for 2000	15,002	2,321	0	0	0
2000 Prepays for 2001	(14,425)	(2,050)	0	0	0
Note Proceeds	100,000	0	0	90,000	0
Note Retirement	(100,000)	0	0	(90,000)	0
Entity Difference-CDBG Loan	0	(245,244)	0	0	0
Outstanding Encumbrances	(40,224)	(14,375)	0	(52,250)	(10,343)
Budget Basis	(\$123,965)	\$130,127	(\$6,856)	\$80,501	(\$14,028)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, repurchase agreements 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 general purpose 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 statement of cash flows, the share of equity in the pooled cash of the proprietary funds is considered to be a cash equivalent. See Note 4 "Pooled Cash, Cash Equivalents and Investments."

F. Investments

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

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by the ultimate use:

1. Property, Plant and Equipment-General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets. The City has elected not to record depreciation in the General Fixed Assets Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Funds

Property, plant and equipment acquired by the proprietary funds are stated at estimated historical value. Contributed fixed assets are recorded at fair market value at the date received. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (Years)
Buildings	30
Improvements Other Than Buildings	30 - 50
Machinery, Equipment, Furniture and Fixtures	5-10

I. Long-Term Obligations

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

Obligation	Fund
General Obligation Bond	Bond Retirement Fund
Long-Term Obligation	General Fund
Special Assessment Bond	Local Government Fund
Intergovernmental Payable	General Fund
Installment Loans	General Fund Water Fund Sewer Fund
Capital Leases	General Fund Water Fund Sewer Fund Sanitation Fund
Police and Fire Accrued Pension Liability	Police Pension Fund Fire Pension Fund
Ohio Water Development Authority Loans	Water Fund Sewer Fund
Compensated Absences	General Fund Water Fund Sewer Fund Sanitation Fund

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 time 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 requirement 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.

For governmental funds, the portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group.

Compensated absences are expensed in the water, sewer, and sanitation enterprise funds when earned, and the related liability is reported within the fund.

K. Pensions

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

L. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. The City did not perform any residual equity transfers in 2000.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for prepaid items, supplies inventory, debt service and encumbered amounts that have not been accrued at year end.

N. Total Columns on Combined Financial Statements - Overview

Total columns on the "Combined Financial Statements-Overview" are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. Receivables and Payables

Receivables and payables to be recorded on the City's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, valuation, and in the case of payables, collectability.

Using this criteria, the City has elected to not record Court receivables within the Agency fund type. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the City is unable to determine a reasonable value.

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NOTE 2 - PRIOR PERIOD ADJUSTMENTS

Due to an accounting error in the reporting of fixed assets during fiscal year 1999, the General Fixed Assets Account Group was understated by \$100,000 at December 31, 1999. As a result of the error, the General Fixed Assets Account Group balance at January 1, 2000 has been restated. The balance increased from \$7,912,594 to \$8,012,594. In addition, January 1, 2000 balances were restated for the General Fund, Special Revenue Funds and Debt Service Funds. Beginning of year balances in the General Fund and Special Revenue Funds were restated due to the elimination of an interfund liability due from the COPS Fast Fund (special revenue fund) to the General Fund. The January 1, 2000 balance in the Debt Service Funds was restated due to an accounting error in the calculation of special assessment receivables and deferred revenue during 1999. The restatements resulted in the following changes:

Description	General Fund	Special Revenue Funds	Debt Service Funds
Fund Balance at December 31, 1999 (As Reported)	\$900,551	\$876,187	\$91,924
Elimination of Due To/From Other Funds	(94,256)	94,256	0
Restatement of Special Assessments and Deferred Revenue	0	0	(22,385)
Fund Balance at January 1, 2000 (As Restated)	<u>\$806,295</u>	<u>\$970,443</u>	<u>\$69,539</u>

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficit - The fund deficit of \$88,601 in the Fire Construction Fund (capital projects fund) arose from the recognition of general obligation notes payable under the modified accrual basis. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, a deficit does not exist. Operating transfers are provided when cash is required, not when accruals occur.

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash. In addition, investments are separately held by a number of individual funds. Certificates of deposit and repurchase agreements are included as cash and cash equivalents for financial statement reporting purposes. However, repurchase agreements are classified as investments for footnote disclosure purposes. Statutes require the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be held 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.

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).

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

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. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust or agent but not in the City's name.

Investments:

- Category 1 Insured or registered, with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end, the carrying value of the City's deposits was \$4,705,732 and the bank balance was \$4,525,508. Of the bank balance, \$484,266 was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining deposits were classified as Category 3.

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

B. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Repurchase agreements are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$4,495,181	\$210,551
Certificates of Deposit (with maturities of more than 3 months)	210,551	(210,551)
Per GASB Statement No. 3	<u>\$4,705,732</u>	<u>\$0</u>

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2000 were levied after October 1, 1999 on assessed values as of January 1, 1999, the lien date. Assessed values were established by the County Auditor at 35% 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 revaluation was completed in 1998. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

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% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

NOTE 5 – TAXES (Continued)

A. Property Taxes (Continued)

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 all City operations for the year ended December 31, 2000 was \$4.28 per \$1,000 of assessed value. The assessed value upon which the 2000 levy was based was \$124,946,330. This amount constitutes \$95,290,310 in real property assessed value, \$8,798,840 in public utility assessed value and \$20,857,180 in tangible personal property 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 employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax either monthly or quarterly as specified by ordinance and file a declaration annually.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2000 consisted of taxes, interest, loans, intergovernmental, interfund, special assessments and accounts receivables.

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2000:

Fund	Transfers In	Transfers Out
General Fund	\$525,335	\$823,536
Special Revenue Funds:		
Flood Fund	10,417	0
Swimming Pool Fund	11,000	0
Street Fund	159,569	0
Health Fund	101,000	0
Fire Fee Fund	0	149,209
Total Special Revenue Funds	281,986	149,209
Debt Service Funds:		
Special Assessment Escrow Fund	0	13,457
Local Government Fund	661,042	490,000
Total Debt Service Funds	661,042	503,457
Capital Projects Fund:		
Fire Construction Fund	3,639	0
Capital Infrastructure Project Fund	10,000	0
Total Capital Projects Funds	13,639	0
Expendable Trust Fund:		
Unclaimed Monies Fund	0	150
Enterprise Fund:		
Water Fund	0	5,650
Total All Funds	\$1,482,002	\$1,482,002

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES

Following is a summary of interfund receivables/payables for all funds at December 31, 2000:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$13,131	\$0
Special Revenue Funds:		
Indigent DUI Fund	475	0
Municipal Court Computer Fund	2,681	0
Municipal Court Home Monitoring Fund	150	0
Total Special Revenue Funds	3,306	0
Capital Projects Fund:		
Municipal Court Special Projects Fund	1,380	0
Agency Fund:		
Municipal Court Fund	0	17,817
Totals	\$17,817	\$17,817

NOTE 9 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets:

Category	Restated January 1, 2000	Additions	Deletions	December 31, 2000
Land	\$874,739	\$54,658	(\$44,390)	\$885,007
Buildings	1,423,178	0	0	1,423,178
Land Improvements	3,573,879	0	0	3,573,879
Machinery and Equipment	2,140,798	227,360	(48,629)	2,319,529
Totals	\$8,012,594	\$282,018	(\$93,019)	\$8,201,593

Schedule of General Fixed Assets at December 31, 2000:

	General Fixed Assets	Investment in General Fixed Assets	
Land	\$885,007		
Buildings	1,423,178	General Fund	\$3,948,741
Land Improvements	3,573,879	Special Revenue Funds	4,238,890
Machinery and Equipment	2,319,529	Enterprise Funds	13,962
Total	\$8,201,593	Total	\$8,201,593

B. Proprietary Fixed Assets

Summary by category at December 31, 2000:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$60,060	\$0	\$60,060
Land Improvements	6,518,141	(1,040,092)	5,478,049
Buildings and Improvements	8,822,420	(3,945,048)	4,877,372
Machinery and Equipment	4,303,031	(2,498,631)	1,804,400
Property, Plant and Equipment	\$19,703,652	(\$7,483,771)	\$12,219,881

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

A. Public Employees Retirement System (the "PERS of Ohio")

The following information was provided by the PERS of Ohio 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 the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84%, of covered payroll, 6.54% to fund the pension and 4.3% to fund health care. The 1999 and 1998 employer contribution rates were 13.55%. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 2000, 1999 and 1998 were \$234,063, \$299,799 and \$275,216, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3% of covered payroll which amounted to \$92,747.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Public Employees Retirement System (the “PERS of Ohio”) (Continued)

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio’s latest actuarial review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 1999 is \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

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

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund 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 Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2000, 1999 and 1998 were \$99,557, \$122,309 and \$114,211 for police and \$125,911, \$127,035 and \$119,325 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2000 covered payroll that was used to fund postemployment health care benefits was \$37,015 representing 7.25% of covered payroll for police and \$38,036 representing 7.25% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 1999, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 12,467 for police and 9,807 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1999 were \$95,004,633, which was net of member contributions of \$5,518,098.

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 up to a maximum of 90 days or 720 hours. The monetary compensation is at the hourly rate of compensation of the employee at the time of resignation if the employee is not given credit at his next place of employment.

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

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

NOTE 11 - COMPENSATED ABSENCES (Continued)

At December 31, 2000, the total liability for accumulated unpaid compensated absences recorded in the General Long-Term Obligations Account Group was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	20,519	\$246,055
Vacation / Compensatory Time	<u>7,124</u>	<u>83,600</u>
Total	<u>27,643</u>	<u>\$329,655</u>

In addition, the accrued liability for accumulated unpaid compensated absences recorded in the enterprise funds increased \$8,942 from a beginning year balance of \$142,120 to a year end balance of \$151,062.

NOTE 12 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities required if the bonds had been issued at the expiration of the initial five year period. The following general obligation notes were payable at December 31, 2000:

	<u>Balance January 1, 2000</u>	<u>Issued (Retired)</u>	<u>Balance December 31, 2000</u>
General Fund:			
4.57% Real Estate Acquisition and Improvement	\$100,000	(\$100,000)	\$0
5.14% Real Estate Acquisition and Improvement	<u>0</u>	<u>100,000</u>	<u>100,000</u>
Total General Fund	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Capital Projects Funds:			
4.24% Fire Department Building Improvement	90,000	(90,000)	0
5.75% Fire Department Building Improvement	<u>0</u>	<u>90,000</u>	<u>90,000</u>
Total Notes Payable	<u>\$190,000</u>	<u>\$0</u>	<u>\$190,000</u>

The notes are backed by the full faith and credit of the City. The notes were issued in anticipation of obtaining long-term bond financing and will be refinanced until such bonds are issued. The maturity dates of the notes are within one year of the issuance dates.

NOTE 13 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2000 were as follows:

			Balance December 31, 1999	Issued (Retired)	Balance December 31, 2000
Enterprise Funds:					
Installment Loans :					
5.75%	Wastewater Truck	2000	\$16,509	(\$16,509)	\$0
4.50%	Equipment Acquisition (48%)	2004	16,530	(3,394)	13,136
Total Enterprise Installment Loans			<u>33,039</u>	<u>(19,903)</u>	<u>13,136</u>
O.W.D.A. Loans			6,744,145	(378,104)	6,366,041
Capital Leases			<u>4,874</u>	<u>(3,820)</u>	<u>1,054</u>
Total Enterprise Long-Term Debt and Other Long-Term Obligations			<u>\$6,782,058</u>	<u>(\$401,827)</u>	<u>\$6,380,231</u>
General Long-Term Debt:					
General Obligation Bond:					
4.10%	Building Improvement	2022	\$1,425,000	(\$35,000)	\$1,390,000
Special Assessment Bond:					
7.75%	Street Assessment	2001	225,000	(115,000)	110,000
Long-Term Obligations:					
Community Action Organization Loan			<u>114,540</u>	<u>(60,300)</u>	<u>54,240</u>
Total Long-Term Obligations			<u>114,540</u>	<u>(60,300)</u>	<u>54,240</u>
Installment Loans :					
5.00%	Equipment Acquisition	2001	31,352	(15,294)	16,058
5.25%	Fire Equipment Acquisition	2008	520,200	(57,800)	462,400
4.37%	Equipment Acquisition	2003	81,673	(19,128)	62,545
4.50%	Equipment Acquisition (52%)	2004	18,040	(3,702)	14,338
5.58%	Motor Vehicle Acquisition	2005	<u>0</u>	<u>75,000</u>	<u>75,000</u>
Total Installment Loans			<u>651,265</u>	<u>(20,924)</u>	<u>630,341</u>
Total General Long-Term Debt			<u>2,415,805</u>	<u>(231,224)</u>	<u>2,184,581</u>
Other Long-Term Obligations:					
Intergovernmental Payable			0	7,000	7,000
Compensated Absences			335,464	(5,809)	329,655
Capital Leases			60,186	(25,564)	34,622
Police/Fire Accrued Pension Liability			<u>533,073</u>	<u>(6,652)</u>	<u>526,421</u>
Total Other Long-Term Obligations			<u>928,723</u>	<u>(31,025)</u>	<u>897,698</u>
Total General Long-Term Debt and Other Long-Term Obligations			<u>\$3,344,528</u>	<u>(\$262,249)</u>	<u>\$3,082,279</u>

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's Special Assessment Debt outstanding at December 31, 2000, \$110,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$38,028 in the Local Government Fund at December 31, 2000 is reserved for the retirement of outstanding special assessment bonds.

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2000, follows:

Years	General Obligation Bond		Special Assessment Bond		OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$35,000	\$73,863	\$110,000	\$8,525	\$397,243	\$244,333
2002	35,000	72,322	0	0	417,831	223,745
2003	40,000	70,748	0	0	439,992	201,584
2004	40,000	68,908	0	0	463,865	177,711
2005	45,000	67,027	0	0	489,602	151,974
2006-2010	245,000	301,445	0	0	1,842,562	388,629
2011-2015	320,000	228,250	0	0	1,403,550	176,465
2016-2035	630,000	146,300	0	0	911,396	36,611
Totals	<u>\$1,390,000</u>	<u>\$1,028,863</u>	<u>\$110,000</u>	<u>\$8,525</u>	<u>\$6,366,041</u>	<u>\$1,601,052</u>

Years	Police/Fire Accrued Pension Liability		Capital Leases		Installment Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$6,938	\$22,300	\$25,130	\$1,526	\$116,239	\$33,081
2002	7,236	22,002	10,546	282	101,391	27,266
2003	7,546	21,691	0	0	102,655	22,132
2004	7,870	21,367	0	0	76,992	16,941
2005	8,210	21,029	0	0	72,800	12,975
2006-2010	46,651	99,542	0	0	173,400	18,208
2011-2015	57,565	88,625	0	0	0	0
2016-2035	384,405	184,432	0	0	0	0
Totals	<u>\$526,421</u>	<u>\$480,988</u>	<u>\$35,676</u>	<u>\$1,808</u>	<u>\$643,477</u>	<u>\$130,603</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, 2000 was \$1,007,409 in principal and interest payments through the year 2035. Only the principal amount of \$526,421 is included in the General Long Term Obligations Account Group.

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

B. Community Action Organization Loan

During 1998, the City entered into a long-term obligation with the Community Action Organization of Lawrence County. The loan was for the purchase of land to be used by the City at a future time. The original amount of the loan was for \$300,000. As of December 31, 2000, \$245,760 in principal has been paid towards the balance of the loan. The City has the option of either paying more on the principal of the loan during the next ten years or waiting ten years and paying the balance due at the end of the ten-year period. The principal amount due of \$54,240 is included in the General Long-Term Obligations Account Group.

NOTE 14 - CAPITAL LEASES

The City is obligated under several leases for office equipment and machinery accounted for as capital leases. The cost of all equipment except the mail machine is accounted for in the General Fixed Assets Account Group and in the General Long-Term Obligations Account Group. The mail machine is accounted for in the General, Water, Sewer and Sanitation Funds and in the General Fixed Assets Account Group. The original cost of all equipment under capital leases totals \$154,355.

The following is a schedule of the future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of December 31, 2000.

Year Ending December 31,	Enterprise Funds	General Long-Term Obligations Account Group	Totals
2001	\$1,098	\$25,557	\$26,655
2002	0	10,829	10,829
Minimum Lease Payments	1,098	36,386	37,484
Less amount representing interest at the City's incremental borrowing rate of interest	(44)	(1,764)	(1,808)
Present value of minimum lease payments	<u>\$1,054</u>	<u>\$34,622</u>	<u>\$35,676</u>

NOTE 15 - CONSTRUCTION COMMITMENTS

As of December 31, 2000, the City had the following commitments with respect to capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Downtown Street Paving and Parking	\$48,979	September 2001
On-Systems Paving	165,366	September 2001
Woodland Bridge Project	43,250	June 2001
Total	<u>\$257,595</u>	

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City which are financed primarily by user charges are water treatment and distribution and wastewater collection and treatment. The key financial information for the year ended December 31, 2000 for these enterprise activities is as follows:

	Water	Sewer	Sanitation	Total
Operating Revenues	\$1,602,796	\$1,002,082	\$635,895	\$3,240,773
Depreciation	189,613	241,929	28,111	459,653
Operating Income	395,435	7,291	26,252	428,978
Operating Transfers Out	(5,650)	0	0	(5,650)
Net Income (Loss)	336,514	(115,229)	4,580	225,865
Property, Plant and Equipment:				
Additions	59,049	13,409	8,500	80,958
Deletions	(5,040)	(1,975)	0	(7,015)
Assets	7,955,552	6,939,132	391,605	15,286,289
Net Working Capital	1,713,746	948,536	278,208	2,940,490
Ohio Water Development Authority and Installment Loans Payable	4,744,152	1,635,025	0	6,379,177
Total Equity	3,108,491	5,226,556	294,031	8,629,078

NOTE 17 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of is a participant in the Ohio Municipal League Joint Self-Insurance Pool (the "Pool"). The Pool was established in 1987 and is administered under contract by the Ohio Municipal League to provide a program of property and casualty insurance for its member organizations throughout the State of Ohio.

The Pool's general objectives are to formulate, develop and administer a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program on behalf of the member political subdivisions. Political subdivisions joining the Pool may withdraw at the end of any coverage period upon 60 days prior written notice to the Pool. Under agreement, members who terminate participation in the Pool, as well as current members, are subject to a supplemental assessment or a refund at the discretion of the board of trustees depending on the ultimate loss experience of all the entities it insures for each coverage year. To date, there have been no assessments or refunds, due to the limited period of time that the Pool has been in existence and the nature of the coverage that is afforded to the participants.

The City of Ironton obtained insurance coverage from the Pool for years 1999 - 2000 for losses related to liability, property, and automobile.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 17 - RISK MANAGEMENT (Continued)

The following is a summary of insurance coverages at year end:

Coverage		
Comprehensive General Liability	\$1,000,000	per occurrence
Property	\$1,000,000	per occurrence
Automobile Liability	\$1,000,000	per occurrence

In the ordinary course of business, the Pool cedes a portion of its exposure to other insurers. These arrangements limit the Pool's maximum net loss on individual risks.

Each participant makes an annual "contribution" to the Pool for the coverage they are provided, based on rates established by the Pool, using anticipated and actual results of operation for the various coverages provided. Participants are also charged for a "surplus contribution" that is used to build the Pool's retained earning account to fund the activities of the Pool. During 2000, the City of Ironton made contributions and surplus contributions to the Pool in the amounts of \$54,195 and \$5,756, respectively.

Treaty basis casualty excess of loss contracts in force at December 31, 2000 currently protects the Pool against individual losses over \$150,000. From 1992 to 1993, the Pool was generally reinsured for casualty losses in excess of \$200,000.

Additionally, treaty basis property coverage protects the Pool against losses subject to a deductible of the lesser of \$50,000 per location or \$100,000 per occurrence. Since November 1, 1990, the Pool is limited to an annual aggregate loss of \$300,000 (\$150,000 prior to November 1, 1990) under this treaty.

The Pool is, and ultimately the participants are, contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements.

The City of Ironton carried commercial (or maintained self-insurance) insurance coverage for the years 1999 - 2000 for all other risks, including health insurance and pays unemployment claims to the State of Ohio as incurred.

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 18 - CONTINGENCIES

The City is party to various legal proceedings which seek damages or injunctive relief general incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of the various claims and legal proceedings will not have a material, adverse effect on the City's financial position.

The City is under review from the Department of Housing and Urban Development for the Community Development Block Grant program. The amount of loss, if any, as a result of this review cannot be determined at this time. No provisions have been made within the financial statements for refund or repayment, if any, of grant monies.

**CITY OF IRONTON
LAWRENCE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HEALTH			
<i>Passed Through Ohio Department of Health:</i>			
Medical Assistance Program EPSDT	N/A	93.778	<u>\$8,484</u>
Total United States Department of Health			8,484
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant Small Cities Program	AC98-134-1 AT98-134-1 AF99-134-1 AF00-134-1	14.228	111,400 373,000 18,400 <u>60,300</u>
Total Community Development Block Grant			563,100
HOME Investment Partnerships Programs Total United States Department of Housing and Urban Development	AC98-134-2	14.239	<u>109,705</u> 672,805
UNITED STATES DEPARTMENT OF COMMERCE, JUSTICE AND STATE			
<i>Passed Through Ohio Criminal Justice System</i>			
Local Law Enforcement Block Grants Program Total United States Department of Commerce, Justice and State	1999-LE-LEB-3246	16.592	<u>2,377</u> 2,377
UNITED STATES DEPARTMENT OF HIGHWAYS			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction Total United States Department of Highways	2000-LPA-PID-20779	20.205	<u>305,036</u> 305,036
UNITED STATES DEPARTMENT OF HOUSING AN URBAN DEVELOPMENT			
<i>Received Directly From the Federal Government</i>			
Empowerment Zones Program Total United States Department of Highways		14.244	<u>212,578</u> <u>212,578</u>
Total Federal Awards Expenditures			<u><u>\$1,201,280</u></u>

The notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.

**CITY OF IRONTON
LAWRENCE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's Federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The City passes-through certain Federal assistance received from the Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note 1, the City records expenditures of Federal awards to subrecipients when paid in cash.

Lawrence County Community Action Organization, Inc. \$711,805

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under OMB Circular A-133, the City is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

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

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2000, the gross amount of loans outstanding under this program were \$119,609. Delinquent amounts due were \$1,861.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL 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 the accompanying general purpose financial statements of the City of Ironton, Lawrence County, Ohio (the City), as of and for the year ended December 31, 2000, and have issued our report thereon dated July 20, 2001. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated July 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration on the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated July 20, 2001.

This report is intended for the information and use of the Finance/Audit Committee, management, the City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 20, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the City Council:

Compliance

We have audited the compliance of the City of Ironton, Lawrence County, Ohio (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The City's major federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000. However, we noted a certain immaterial instance of noncompliance that do not require inclusion in this report that we have reported to management of the City in a separate letter dated July 20, 2001.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Finance/Audit Committee, management, the City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 20, 2001

**CITY OF IRONTON
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 SECTION .505
DECEMBER 31, 2000**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant - Small Cities Program CFDA #14.228 Highway Planning and Construction Grant 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

**CITY OF IRONTON
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 SECTION .505
DECEMBER 31, 2000
(Continued)**

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CITY OF IRONTON
LAWRENCE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 SECTION .315 (b)
DECEMBER 31, 2000

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u>
1999-20744-001	Ohio Rev. Code § 5705.39 - Appropriations exceeded estimated resources in several funds.	Yes.	Fully corrected.
1999-20744-002	Accounting system of Municipal Court did not produce an aggregate total, an aged data schedule of all accounts receivable or the determination of uncollectible amounts.	Yes.	Fully corrected.
1999-20744-003	24 CFR Part 570.504 - City's Revolving Loan Fund made a loan to Lawrence County's Revolving Loan Fund from Program Income without approval from the Ohio Department of Development.	Yes.	Fully corrected.



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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
SEPTEMBER 20, 2001**