



Dave Yost • Auditor of State



**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities ....	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) - General Fund.....	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) – Title I Fund.....	18
Statement of Fiduciary Net Assets - Fiduciary Funds.....	19
Statement of Changes in Fiduciary Net Assets - Private-Purpose Trust Funds.....	20
Notes to the Basic Financial Statements .....	21
Federal Awards Receipts and Expenditures Schedule.....	47
Notes to the Federal Awards Receipts and Expenditures Schedule .....	48
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	49
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133.....	51
Schedule of Findings – OMB Circular A-133 § .505 .....	53
Schedule of Prior Audit Findings and Questioned Costs – OMB Circular A-133 § .315(b).....	56
Corrective Action Plan – OMB Circular A-133 § .315(c).....	57
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	59

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Ironton City School District  
Lawrence County  
105 South Fifth Street  
Ironton, Ohio 45638

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ironton City School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ironton City School District, Lawrence County, Ohio, as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General and Title I Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information 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 basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

January 26, 2012

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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The discussion and analysis of the Ironton City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

**Key financial highlights for the fiscal year 2011 are as follows:**

- Net assets of governmental activities decreased \$2,284,865, mostly relating to the purchase of equipment associated with its school building program that fell below the School District's capitalization threshold.
- General revenues accounted for \$11,954,164 or 69 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$5,517,410 or 31 percent of total revenues of \$17,471,574.
- The School District had \$19,756,439 in expenses related to governmental activities; \$5,517,410 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$11,954,164 were not adequate to provide for the rest of these programs.
- The School District has four major funds: the General Fund, the Title I Fund, the Bond Retirement Fund, and the School Facilities Fund. The General Fund had \$11,566,704 in revenues and \$11,761,128 in expenditures. The General Fund's balance decreased \$265,959. The Title I Fund had \$883,947 in revenues and \$894,841 in expenditures. Its fund balance decreased \$10,894. The Bond Retirement Fund had \$1,079,259 in revenues and \$1,056,635 in expenditures. The Bond Retirement Fund's balance increased \$22,624. The School Facilities Fund had \$237,803 in revenues and \$2,787,498 expenditures. Its fund balance decreased \$2,549,695.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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***Reporting the School District as a Whole***

*Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are reported as Governmental Activities, including instruction, support services, operation of non-instructional services, and extracurricular activities.

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

The analysis of the School District's major fund begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for multiple financial transactions. However, these fund financial statements focus on the School District's most significant fund. The School District's major governmental funds are the General Fund, the Title I Fund, the Bond Retirement Fund, and the School Facilities Fund.

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

***Fiduciary Funds*** The School District's fiduciary funds are a private purpose trust fund and an agency fund. All of the School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its



**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

Table 1  
Net Assets

	Governmental Activities		
	2011	Restated 2010	Change
<b>Assets</b>			
Current and Other Assets	\$12,079,244	\$15,322,009	(\$3,242,765)
Capital Assets	48,732,783	48,969,930	(237,147)
Total Assets	<u>60,812,027</u>	<u>64,291,939</u>	<u>(3,479,912)</u>
<b>Liabilities</b>			
Long-term Liabilities	18,570,506	18,873,023	(302,517)
Other Liabilities	5,244,941	6,137,471	(892,530)
Total Liabilities	<u>23,815,447</u>	<u>25,010,494</u>	<u>(1,195,047)</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Debt	31,649,072	31,556,280	92,792
Restricted	5,539,779	7,923,750	(2,383,971)
Unrestricted (Deficit)	(192,271)	(198,585)	6,314
Total Net Assets	<u><u>\$36,996,580</u></u>	<u><u>\$39,281,445</u></u>	<u><u>(\$2,284,865)</u></u>

Total assets decreased \$3,479,912, primarily due to decreases in cash and investments and increases in depreciation, as the School District completed its construction programs related to the Ohio School Facilities Program. The School District has reduced its cash balances and intergovernmental receivables as the construction project has progressed. Total liabilities decreased \$1,195,047, primarily due to a decrease in contracts payable related to the construction projects.

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2011, and comparisons to fiscal year 2010.

Table 2  
Changes in Net Assets

	Governmental Activities		
	2011	Restated 2010	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$1,820,418	\$1,546,177	\$274,241
Operating Grants, Contributions and Interest	3,696,992	3,284,553	412,439
<b>Total Program Revenues</b>	<b>5,517,410</b>	<b>4,830,730</b>	<b>686,680</b>
General Revenues			
Property Taxes	3,132,472	3,214,250	(81,778)
Grants and Entitlements	8,698,692	8,756,900	(58,208)
Gain on Sale of Fixed Assets	55,750	131,350	(75,600)
Investment Earnings	23,365	55,809	(32,444)
Miscellaneous	43,885	103,580	(59,695)
<b>Total General Revenues</b>	<b>11,954,164</b>	<b>12,261,889</b>	<b>(307,725)</b>
<b>Total Revenues</b>	<b>17,471,574</b>	<b>17,092,619</b>	<b>378,955</b>
<b>Program Expenses</b>			
Instruction:			
Regular	7,226,895	7,082,664	144,231
Special	1,650,882	1,903,460	(252,578)
Vocational	251,562	169,560	82,002
Intervention	103,688	31,444	72,244
Support Services:			
Pupils	750,209	635,365	114,844
Instructional Staff	479,963	450,715	29,248
Board of Education	252,804	213,156	39,648
Administration	1,009,046	1,009,552	(506)
Fiscal	532,715	545,306	(12,591)
Operation and Maintenance of Plant	4,351,678	2,886,449	1,465,229
Pupil Transportation	699,961	584,996	114,965
Central	95,970	115,915	(19,945)
Operation of Non-Instructional Services:			
Food Service Operations	700,089	701,133	(1,044)
Community Services	154,230	171,746	(17,516)
Extracurricular Activities	708,640	651,915	56,725
Interest and Fiscal Charges	788,107	783,052	5,055
<b>Total Expenses</b>	<b>19,756,439</b>	<b>17,936,428</b>	<b>1,820,011</b>
Decrease in Net Assets	(2,284,865)	(843,809)	(1,441,056)
Net Assets Beginning of Year	39,281,445	40,125,254	(843,809)
<b>Net Assets End of Year</b>	<b>\$36,996,580</b>	<b>\$39,281,445</b>	<b>(\$2,284,865)</b>

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

Operating Grants, Contributions and Interest increased due to an increase in ARRA monies received and the receipt of Ed Jobs grant monies. Operation and Maintenance of Plant increased due to nearing completion of the construction project.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3  
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	Restated 2010	Restated 2010
<b>Program Expenses</b>				
Instruction:				
Regular	\$7,226,895	\$5,072,729	\$7,082,664	\$5,600,625
Special	1,650,882	797,170	1,903,460	1,089,961
Vocational	251,562	193,864	169,560	116,552
Other	103,688	103,688	31,444	31,444
Support Services:				
Pupils	750,209	460,555	635,365	467,506
Instructional Staff	479,963	278,252	450,715	182,612
Board of Education	252,804	245,979	213,156	206,297
Administration	1,009,046	549,232	1,009,552	1,007,151
Fiscal	532,715	452,657	545,306	452,273
Operation and Maintenance of Plant	4,351,678	4,301,618	2,886,449	2,553,914
Pupil Transportation	699,961	532,426	584,996	216,207
Central	95,970	90,970	115,915	110,915
Operation of Non-Instructional Services:				
Food Service Operations	700,089	17,347	701,133	13,389
Community Services	154,230	(52,835)	171,746	(28,522)
Extracurricular Activities	708,640	407,270	651,915	302,322
Interest and Fiscal Charges	788,107	788,107	783,052	783,052
<b>Total</b>	<b>\$19,756,439</b>	<b>\$14,239,029</b>	<b>\$17,936,428</b>	<b>\$13,105,698</b>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 61 percent of all School District activities are supported through taxes and other general revenues.

**The School District Funds**

The School District has four major funds: the General Fund, the Title I Fund, the Bond Retirement Fund, and the School Facilities Fund. The General Fund's balance decreased \$265,959. Although this decrease is smaller than in previous years, it continues the trend of the School District having expenditures greater than revenues in the General Fund. The Title I Fund accounts for the largest federal program operated by the School District. The Bond Retirement Fund's balance increased \$22,624. The fund balance in the School Facilities Fund decreased \$2,549,695 due to nearing completion of the construction project.

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2011, the School District amended its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, final budget basis estimated revenue was \$11,764,211, above original estimates of \$11,262,064. Of this \$502,147 difference, most was due to conservative estimates for all revenue types. Also, final budget basis estimated expenditures were \$11,931,081, less than original estimates of \$12,804,290. This was due to conservative spending in light of revenue shortfalls.

The School District's ending unobligated General Fund balance was \$2,032,254.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2011, the School District had \$48,732,783 invested in land, buildings, improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared to 2010.

Table 4  
 Capital Assets  
 (Net of Depreciation)

	Governmental Activities	
	2011	Restated 2010
Land	\$477,791	\$477,791
Construction in Progress	0	97,944
Land Improvements	5,286,700	5,423,694
Buildings and Improvements	42,183,170	42,230,642
Furniture and Equipment	617,020	650,233
Vehicles	168,102	89,626
Totals	\$48,732,783	\$48,969,930

See Note 10 for more information on Capital Assets.

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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***Debt***

At June 30, 2011, the School District had the following debt outstanding:

Table 5  
Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
General Obligation Bonds	\$17,602,588	\$17,839,200

See Note 15 for more information on debt.

**Economic Factors**

The School District depends on the State School Foundation Program. The School District must monitor its current spending levels, as unanticipated costs related to its school facilities project may arise. The School District is in a low economic growth area, so dependence on local tax revenue must be minimized.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Patty Wade, Treasurer at Ironton City School District, 105 South Fifth Street, Ironton, Ohio 45638.

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**Ironton City School District, Ohio**

*Statement of Net Assets*

*June 30, 2011*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,810,222
Cash and Cash Equivalents with Fiscal Agents	388,918
Cash and Cash Equivalents with Escrow Agents	541,672
Intergovernmental Receivable	3,628,456
Materials and Supplies Inventory	8,832
Property Taxes Receivable	3,558,605
Deferred Charges	142,539
Nondepreciable Capital Assets	477,791
Depreciable Capital Assets, Net	<u>48,254,992</u>
<i>Total Assets</i>	<u>60,812,027</u>
<b>Liabilities</b>	
Accounts Payable	19,543
Accrued Wages and Benefits Payable	1,047,874
Contracts Payable	5,832
Retainage Payable	541,672
Accrued Interest Payable	62,795
Vacation Benefits Payable	93,202
Deferred Revenue	2,987,981
Intergovernmental Payable	486,042
Long-Term Liabilities:	
Due within One Year	329,922
Due in More than One Year	<u>18,240,584</u>
<i>Total Liabilities</i>	<u>23,815,447</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	31,649,072
Restricted for:	
Capital Projects	2,051,874
Debt Service	327,710
Bus Purchases	35,379
Unclaimed Monies	17,551
Textbooks	632,911
Other Purposes	2,474,354
Unrestricted (Deficit)	<u>(192,271)</u>
<i>Total Net Assets</i>	<u><u>\$36,996,580</u></u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$7,226,895	\$1,371,702	\$782,464	(\$5,072,729)
Special	1,650,882	0	853,712	(797,170)
Vocational	251,562	0	57,698	(193,864)
Intervention	103,688	0	0	(103,688)
Support Services:				
Pupils	750,209	0	289,654	(460,555)
Instructional Staff	479,963	0	201,711	(278,252)
Board of Education	252,804	0	6,825	(245,979)
Administration	1,009,046	0	459,814	(549,232)
Fiscal	532,715	0	80,058	(452,657)
Operation and Maintenance of Plant	4,351,678	0	50,060	(4,301,618)
Pupil Transportation	699,961	0	167,535	(532,426)
Central	95,970	0	5,000	(90,970)
Operation of Non-Instructional Services:				
Food Service Operations	700,089	147,396	535,346	(17,347)
Community Services	154,230	0	207,065	52,835
Extracurricular Activities	708,640	301,320	50	(407,270)
Interest and Fiscal Charges	788,107	0	0	(788,107)
<i>Totals</i>	<u>\$19,756,439</u>	<u>\$1,820,418</u>	<u>\$3,696,992</u>	<u>(14,239,029)</u>

**General Revenues**

Property Taxes Levied for:

General Purposes	2,167,718
Debt Service	915,510
Classroom Facilities Maintenance	49,244
Grants and Entitlements not Restricted to Specific Programs	8,698,692
Gain on Sale of Capital Assets	55,750
Investment Earnings	23,365
Miscellaneous	43,885

*Total General Revenues* 11,954,164

*Change in Net Assets* (2,284,865)

*Net Assets Beginning of Year-Restated (See Note 3)* 39,281,445

*Net Assets End of Year* \$36,996,580

See accompanying notes to the basic financial statements



**Ironton City School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2011*

	General	Title I	Bond Retirement	School Facilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$1,491,130	\$36,056	\$577,510	\$472,157	\$543,119	\$3,119,972
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	690,250	0	0	0	0	690,250
Cash and Cash Equivalents With Fiscal Agents	0	0	0	388,918	0	388,918
Cash and Cash Equivalents With Escrow Agents	0	0	0	541,672	0	541,672
Receivables:						
Property Taxes	2,497,277	0	1,007,598	0	53,730	3,558,605
Intergovernmental	0	1,388,933	0	1,170,951	1,068,572	3,628,456
Interfund	191,579	0	0	0	0	191,579
Materials and Supplies Inventory	0	0	0	0	8,832	8,832
<i>Total Assets</i>	<u>\$4,870,236</u>	<u>\$1,424,989</u>	<u>\$1,585,108</u>	<u>\$2,573,698</u>	<u>\$1,674,253</u>	<u>\$12,128,284</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$8,523	\$0	\$0	\$0	\$11,020	\$19,543
Accrued Wages and Benefits Payable	863,796	59,976	0	0	124,102	1,047,874
Contracts Payable	0	0	0	5,832	0	5,832
Retainage Payable	0	0	0	541,672	0	541,672
Interfund Payable	0	0	0	0	191,579	191,579
Deferred Revenue	2,428,021	1,348,933	938,342	1,170,951	875,072	6,761,319
Intergovernmental Payable	411,422	17,806	0	0	56,814	486,042
<i>Total Liabilities</i>	<u>3,711,762</u>	<u>1,426,715</u>	<u>938,342</u>	<u>1,718,455</u>	<u>1,258,587</u>	<u>9,053,861</u>
<b>Fund Balances</b>						
Nonspendable	17,551	0	0	0	8,832	26,383
Restricted	668,290	0	646,766	855,243	509,135	2,679,434
Committed	99,969	0	0	0	0	99,969
Assigned	777,560	0	0	0	0	777,560
Unassigned	(404,896)	(1,726)	0	0	(102,301)	(508,923)
<i>Total Fund Balances (Deficit)</i>	<u>1,158,474</u>	<u>(1,726)</u>	<u>646,766</u>	<u>855,243</u>	<u>415,666</u>	<u>3,074,423</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,870,236</u>	<u>\$1,424,989</u>	<u>\$1,585,108</u>	<u>\$2,573,698</u>	<u>\$1,674,253</u>	<u>\$12,128,284</u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2011*

<b>Total Governmental Fund Balances</b>		\$3,074,423
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		48,732,783
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	428,461	
Grants	<u>3,344,877</u>	3,773,338
Unamortized issuance costs represent deferred charges which do not provide current financial resources and therefore are not reported in the funds.		142,539
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the balance sheet.		(62,795)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.		(93,202)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
School Improvement Bonds Payable	(17,602,588)	
Sick Leave Benefits Payable	<u>(967,918)</u>	<u>(18,570,506)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$36,996,580</u></u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Combined Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	Title I	Bond Retirement	School Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$2,141,178	\$0	\$904,617	\$0	\$48,874	\$3,094,669
Intergovernmental	8,052,519	883,947	173,878	234,183	2,328,242	11,672,769
Investment Earnings	19,745	0	0	3,620	50	23,415
Tuition and Fees	1,154,979	0	0	0	59,533	1,214,512
Rent	16,905	0	0	0	0	16,905
Charges for Services	99,969	0	0	0	147,396	247,365
Extracurricular Activities	40,316	0	0	0	301,320	341,636
Miscellaneous	41,093	0	764	0	2,028	43,885
<i>Total Revenues</i>	<u>11,566,704</u>	<u>883,947</u>	<u>1,079,259</u>	<u>237,803</u>	<u>2,887,443</u>	<u>16,655,156</u>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular	5,618,125	337,068	0	0	552,873	6,508,066
Special	1,177,794	483,191	0	0	272	1,661,257
Vocational	236,776	0	0	0	3,465	240,241
Intervention	100,485	0	0	0	3,203	103,688
Support Services:						
Pupils	470,643	0	0	0	277,404	748,047
Instructional Staff	287,526	0	0	0	190,554	478,080
Board of Education	234,185	0	0	0	18,619	252,804
Administration	788,763	1,707	0	0	214,963	1,005,433
Fiscal	468,610	29,762	32,404	0	29,428	560,204
Operation and Maintenance of Plant	1,277,842	0	0	0	530,961	1,808,803
Pupil Transportation	519,629	0	0	0	138,782	658,411
Central	55,938	0	0	0	41,251	97,189
Operation of Non-Instructional Services:						
Food Service Operations	0	0	0	0	690,969	690,969
Community Services	0	43,113	0	0	131,994	175,107
Extracurricular Activities	354,405	0	0	0	314,277	668,682
Capital Outlay	170,407	0	0	2,787,498	185,957	3,143,862
Debt Service:						
Principal Retirement	0	0	225,000	0	0	225,000
Interest and Fiscal Charges	0	0	799,231	0	0	799,231
<i>Total Expenditures</i>	<u>11,761,128</u>	<u>894,841</u>	<u>1,056,635</u>	<u>2,787,498</u>	<u>3,324,972</u>	<u>19,825,074</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(194,424)</u>	<u>(10,894)</u>	<u>22,624</u>	<u>(2,549,695)</u>	<u>(437,529)</u>	<u>(3,169,918)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	0	0	0	75,035	75,035
Proceeds from the Sale of Capital Assets	3,500	0	0	0	52,250	55,750
Transfers Out	(75,035)	0	0	0	0	(75,035)
<i>Total Other Financing Sources (Uses)</i>	<u>(71,535)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>127,285</u>	<u>55,750</u>
<i>Net Change in Fund Balance</i>	<u>(265,959)</u>	<u>(10,894)</u>	<u>22,624</u>	<u>(2,549,695)</u>	<u>(310,244)</u>	<u>(3,114,168)</u>
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>1,424,433</u>	<u>9,168</u>	<u>624,142</u>	<u>3,404,938</u>	<u>725,910</u>	<u>6,188,591</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,158,474</u>	<u>(\$1,726)</u>	<u>\$646,766</u>	<u>\$855,243</u>	<u>\$415,666</u>	<u>\$3,074,423</u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2011*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	(\$3,114,168)
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*Amounts reported for governmental activities in the  
statement of activities because*

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

Capital Asset Additions	612,369	
Depreciation Expense	<u>(849,516)</u>	(237,147)

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

Grants	722,865	
Delinquent Taxes	<u>37,803</u>	760,668

Repayment of principal is an expenditure in the  
governmental funds, but the repayments reduces  
long-term liabilities on the statement of net assets.

225,000

Interest is reported as an expenditure when due in  
the governmental funds, but is accrued on  
outstanding debt on the statement of activities.  
Premiums and discounts are reported as revenues  
and expenditures when the debt is first issued;  
however, these amounts are deferred and  
amortized on the statement of activities:

Bond Premium	16,017	
Amortization of Issuance Costs	(6,058)	
Amortization of Discount	(4,405)	
Interest Payable	<u>5,570</u>	11,124

Some expenses reported on the statement of  
activities do not require the use of current financial  
resources and therefore are not reported  
as expenditures in governmental funds:

Vacation Benefits Payable	3,753	
Sick Leave Benefits Payable	<u>65,905</u>	<u>69,658</u>

<i>Change in Net Assets of Governmental Activities</i>	<u><u>(2,284,865)</u></u>
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See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$1,942,638	\$2,338,674	\$2,338,674	\$0
Intergovernmental	8,050,333	8,052,519	8,052,519	0
Investment Earnings	30,000	19,756	19,756	0
Tuition and Fees	1,025,174	1,154,979	1,154,979	0
Rent	15,000	16,905	16,905	0
Charges for Services	152,119	99,969	99,969	0
Extracurricular Activities	17,700	40,316	40,316	0
Miscellaneous	29,100	41,093	41,093	0
<i>Total Revenues</i>	<u>11,262,064</u>	<u>11,764,211</u>	<u>11,764,211</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	6,054,344	5,649,248	5,649,248	0
Special	1,314,466	1,214,852	1,214,852	0
Vocational	168,528	247,568	247,568	0
Intervention	50,924	103,985	103,985	0
Support Services:				
Pupils	513,910	477,455	477,455	0
Instructional Staff	266,592	278,734	278,734	0
Board of Education	248,581	269,187	269,187	0
Administration	1,022,675	810,896	810,896	0
Fiscal	497,857	486,714	486,714	0
Operation and Maintenance of Plant	1,700,104	1,279,084	1,279,084	0
Pupil Transportation	511,537	534,225	534,225	0
Central	106,564	58,082	58,082	0
Extracurricular Activities	348,208	350,644	350,644	0
Capital Outlay	0	170,407	170,407	0
<i>Total Expenditures</i>	<u>12,804,290</u>	<u>11,931,081</u>	<u>11,931,081</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,542,226)</u>	<u>(166,870)</u>	<u>(166,870)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	3,500	3,500	0
Advances In	0	60,045	60,045	0
Transfers Out	(20,757)	(75,035)	(75,035)	0
Advances Out	(3,758)	(191,579)	(191,579)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(24,515)</u>	<u>(203,069)</u>	<u>(203,069)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,566,741)	(369,939)	(369,939)	0
<i>Fund Balance Beginning of Year-Restated (See Note 3)</i>	2,235,831	2,235,831	2,235,831	0
Prior Year Encumbrances Appropriated	166,362	166,362	166,362	0
<i>Fund Balance End of Year</i>	<u>\$835,452</u>	<u>\$2,032,254</u>	<u>\$2,032,254</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Title I Fund*  
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$2,330,433	\$843,947	\$843,947	\$0
<i>Total Revenues</i>	<u>2,330,433</u>	<u>843,947</u>	<u>843,947</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	639,319	336,672	336,672	0
Special	514,137	486,547	486,547	0
Support Services:				
Instructional Staff	37,500	0	0	0
Administration	0	1,707	1,707	0
Fiscal	50,353	59,474	59,474	0
Pupil Transportation	17,500	0	0	0
Operation of Non-Instructional Services:				
Community Services	90,781	42,942	42,942	0
<i>Total Expenditures</i>	<u>1,349,590</u>	<u>927,342</u>	<u>927,342</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>980,843</u>	<u>(83,395)</u>	<u>(83,395)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Receipts	(736)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(736)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	980,107	(83,395)	(83,395)	0
<i>Fund Balance Beginning of Year</i>	57,306	57,306	57,306	0
Prior Year Encumbrances Appropriated	32,432	32,432	32,432	0
<i>Fund Balance End of Year</i>	<u><u>\$1,069,845</u></u>	<u><u>\$6,343</u></u>	<u><u>\$6,343</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2011*

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	Private-Purpose	
	Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$85,418	<u>\$46,112</u>
<b>Liabilities</b>		
Due to Students	0	<u>\$46,112</u>
<b>Net Assets</b>		
Restricted for Endowments	53,358	
Held in Trust for Students	<u>32,060</u>	
<i>Total Net Assets</i>	<u>\$85,418</u>	

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Private-Purpose Trust Funds*  
*For the Fiscal Year Ended June 30, 2011*

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<b>Additions</b>	
Gifts and Contributions	\$647
Interest	<u>486</u>
Total Additions	1,133
<b>Deductions</b>	
Scholarships	<u>3,100</u>
<i>Change in Net Assets</i>	(1,967)
<i>Net Assets Beginning of Year</i>	<u>87,385</u>
<i>Net Assets End of Year</i>	<u><u>\$85,418</u></u>

See accompanying notes to the basic financial statements



**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 1 - Description of the School District and Reporting Entity**

Ironton City School District (the School District), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's three instructional/support facilities staffed by 75 classified employees, 111 certified teaching personnel, and five administrators who provide services to 1,503 students and other community members.

*Reporting Entity*

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes for the organization. The School District has no component units.

The following activities are included within the reporting entity:

***Parochial Schools*** Within the School District boundaries, St. Lawrence Elementary and St. Joseph High School are operated through the Steubenville Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District participates in three jointly governed organizations and three insurance purchasing pools. These organizations are the South Central Ohio Computer Association, the Lawrence County Joint Vocational School District, the Educational Regional Service System (ERSS) Region 15, the Ohio School Plan, the Lawrence County Schools Insurance Purchasing Consortium, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

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

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

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are two categories of funds used by this School District: governmental and fiduciary.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

**General Fund** The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

**Title I Fund** The Title I Fund is used to account for the activities associated with the School District's participation in the federal Title I program.

**Bond Retirement Fund** The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds, interest, and related costs.

**School Facilities Fund** The School Facilities Fund accounts for transactions related to constructing and improving School District buildings with the assistance of the Ohio School Facilities program.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**Fiduciary Fund Types** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds include private-purpose trust funds, which account for student college scholarships, and an agency fund, which accounts for student activities.

**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Private purpose trust funds are accounted for using a flow of economic resources measurement focus.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, investment earnings, tuition, grants, fees, and rentals.

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***E. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds, except for a portion of the School Facilities Capital Project Fund, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2011, investments included non-negotiable certificates of deposit, Federal Farm Credit Bank Bonds, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Bonds, and Federal National Mortgage Association Bonds. Investments are reported at a fair value, except for non-negotiable certificates of deposit which are reported as cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$19,745, which includes \$7,733 assigned from other School District funds.

The School District has segregated bank accounts for retainage held for its construction project. These accounts are presented as "cash and cash equivalents with escrow agents" since the cash is not deposited into the School District treasury. The School District's investment account is held in the form of cash. Since this cash is not part of the School District's treasury balance, it is presented as "cash and cash equivalents with fiscal agents."

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

***F. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption, and donated and purchased food held for resale.

***G. Capital Assets***

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating current replacement cost of the capital assets to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

All reported capital assets except land, land improvements that produce permanent benefits, and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	50 years
Buildings and Improvements	50 years
Furniture and Equipment	5-20 years
Vehicles	3-10 years

***H. Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, and for unclaimed monies. See Note 20 for additional information regarding set-asides.

***I. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as vacation benefits payable, rather than long-term liabilities, since at the employee's request, any carry-over may be paid to the employees each year, or carried over.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees after ten years of current service with the School District.

The entire compensated absences liability is reported on the government-wide financial statements.

***J. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

***K. Interfund Activity***

Transfers within governmental activities were eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

***L. Interfund Balances***

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

***M. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

**Nonspendable:** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

**Restricted:** The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed:** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education and the amount in which fiscal year 2012 appropriations exceeded estimated receipts.

**Unassigned:** The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

***N. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and federal and state grants restricted to expenditure for specified purposes.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***O. Unamortized Issuance Costs and Bond Premiums and Discounts***

On government-wide financial statements, issuance costs and bond discounts and premiums are deferred and amortized over the term of the bonds using the straight-line method. Issuance costs are reported as deferred charges. Bond discounts are presented as a reduction of the face amount of bonds payable. Bond premiums are presented as an addition to the face amount of the bonds.

On the government fund financial statements, issuance costs, bond premiums, and bond discounts are recognized in the period in which bonds are issued.

***P. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education



**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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and that are either unusual in nature or infrequent in occurrence.

***Q. Estimates***

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

***R. Budgetary Process***

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The School District Treasurer has been given the authority to allocate appropriations among functions and objects within all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end.

**Note 3 - Change in Accounting Principles and Restatement of Fund Balances**

***A. Change in Accounting Principles***

For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the School District's financial statements.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**B. Restatement of Prior Year's Net Assets/Fund Balances**

Upon completion of its facilities project, the School District undertook a revaluation of all its capital assets, based on current costs and a physical count.

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported. There was also an adjustment made to account for an improperly posted receipt from a previous fiscal year.

As a result net assets/fund balances were restated as follows:

	Governmental Activities	General	Bond Retirement Fund	Other Governmental Funds
Net Assets/Fund Balance at June 30, 2010	\$39,827,757	\$1,361,219	\$755,392	\$657,874
Capital Asset Revaluation	(546,312)	0	0	0
Accounting Correction	0	0	(131,250)	131,250
Change in Fund Structure	0	63,214	0	(63,214)
Adjusted Net Assets/Fund Balance at June 30, 2010	<u>\$39,281,445</u>	<u>\$1,424,433</u>	<u>\$624,142</u>	<u>\$725,910</u>

**C. Restatement of Prior Year's General Fund Budget Basis Fund Balance**

As a result of the implementation of GASB Statement No. 54, the Uniform School Supplies Fund and the Principals' Fund were combined with the General Fund and had the following effect on the General Fund Budget Basis fund balance. As a result, the June 30, 2010 General Fund Budget Basis fund balance of \$2,175,456 was restated to \$2,235,831, an increase of \$60,375.

**Note 4 – Deficit Fund Balances**

The following funds had deficit fund balances at June 30, 2011:

	Deficit Fund Balances
Special Revenue Funds:	
Food Service	\$49,097
Education Jobs	12,961
IDEA-B	12,284
Improving Teacher Quality	19,127

These deficits are due to the recognition of accrued liabilities in accordance with generally accepted accounting principles. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**Note 5 – Fund Balances**

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

Fund Balances	General	Title I	Bond Retirement	School Facilities	Other Governmental Funds	Total
Nonspendable for:						
Unclaimed Monies	\$17,551	\$0	\$0	\$0	\$0	\$17,551
Materials and Supplies Inventory	0	0	0	0	8,832	8,832
<i>Total Nonspendable</i>	<u>17,551</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,832</u>	<u>26,383</u>
Restricted for:						
Extracurricular Activities	0	0	0	0	70,768	70,768
Facilities Maintenance	0	0	0	0	321,607	321,607
Local Grant Expenditures	0	0	0	0	27,282	27,282
State Grant Expenditures	0	0	0	0	33,793	33,793
Federal Grant Expenditures	0	0	0	0	30,005	30,005
Debt Service Payments	0	0	646,766	0	0	646,766
Capital Improvements	0	0	0	855,243	25,680	880,923
Bus Purchase	35,379	0	0	0	0	35,379
Textbooks	632,911	0	0	0	0	632,911
<i>Total Restricted</i>	<u>668,290</u>	<u>0</u>	<u>646,766</u>	<u>855,243</u>	<u>509,135</u>	<u>2,679,434</u>
Committed to:						
Other Purposes	99,969	0	0	0	0	99,969
Assigned to:						
Other Purposes	777,560	0	0	0	0	777,560
Unassigned:	(404,896)	(1,726)	0	0	(102,301)	(508,923)
<i>Total Fund Balances</i>	<u>\$1,158,474</u>	<u>(\$1,726)</u>	<u>\$646,766</u>	<u>\$855,243</u>	<u>\$415,666</u>	<u>\$3,074,423</u>

**Note 6 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) presented for the General Fund and the Title I Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

- susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
  3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment or commitment of fund balance (GAAP basis).
  4. Unrecorded interest represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.
  5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Title I Fund.

Net Change in Fund Balance		
	General Fund	Title I Fund
GAAP Basis	(\$265,959)	(\$10,894)
Revenue Accruals	197,496	(40,000)
Unreported Interest Beginning of Year	98	0
Unreported Interest End of Year	(87)	0
Advances In	60,045	0
Advances Out	(191,579)	0
Expenditure Accruals	(20,914)	(2,788)
Encumbrances	(149,039)	(29,713)
Budget Basis	(\$369,939)	(\$83,395)

**Note 7 - Deposits and Investments**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and.
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

### Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$4,281,363 of the School District's bank balance of \$4,788,863 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 8 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in calendar year 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$69,256 in the General Fund, \$69,256 in the Bond Retirement Fund, and \$3,651 in the School Facilities Fund. The amount available as an advance at June 30, 2010, was \$266,752 in the General Fund, \$109,014 in the Bond Retirement Fund, and \$5,983 in the School Facilities Fund.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified basis the revenue has been deferred.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$99,906,120	74%	\$102,063,510	73%
Public Utility Personal	28,606,440	22%	31,946,800	22%
General Business Personal	5,900,790	4%	6,434,980	5%
<b>Total</b>	<b>\$134,413,350</b>	<b>100%</b>	<b>\$140,445,290</b>	<b>100%</b>
Tax rate per \$1,000 of assessed valuation	\$33.70		\$33.70	

**Note 9 - Receivables**

Receivables at June 30, 2011, consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year, with the exception of delinquent property taxes deemed collectible by the County Auditor. A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities:</b>	
Ohio School Facilities	\$1,170,951
Child Nutrition Cluster	56,598
IDEA-B Grant	608,716
Title I Grant	1,388,933
Title II-A Grant	119,207
Education Jobs	284,051
<b>Total Intergovernmental Receivables</b>	<b>\$3,628,456</b>

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Restated Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011
<b>Capital Assets:</b>				
<b>Capital Assets not being depreciated:</b>				
Land	\$477,791	\$0	\$0	\$477,791
Construction in Progress	97,944	0	(97,944)	0
<b>Total Capital Assets not being Depreciated</b>	<b>575,735</b>	<b>0</b>	<b>(97,944)</b>	<b>477,791</b>
<b>Depreciable Capital Assets:</b>				
Land Improvements	5,685,567	0	(28,092)	5,657,475
Buildings and Improvements	45,496,669	548,596	(150,033)	45,895,232
Furniture and Equipment	890,707	40,177	0	930,884
Vehicles	762,057	121,540	(27,389)	856,208
<b>Total Capital Assets being Depreciated</b>	<b>52,835,000</b>	<b>710,313</b>	<b>(205,514)</b>	<b>53,339,799</b>
<b>Less Accumulated Depreciation</b>				
Land Improvements	(261,873)	(136,994)	28,092	(370,775)
Buildings and Improvements	(3,266,027)	(596,068)	150,033	(3,712,062)
Furniture and Equipment	(240,474)	(73,390)	0	(313,864)
Vehicles	(672,431)	(43,064)	27,389	(688,106)
<b>Total Accumulated Depreciation</b>	<b>(4,440,805)</b>	<b>(849,516)*</b>	<b>205,514</b>	<b>(5,084,807)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>48,394,195</b>	<b>(139,203)</b>	<b>0</b>	<b>48,254,992</b>
<b>Capital Assets, Net</b>	<b>\$48,969,930</b>	<b>(\$139,203)</b>	<b>(\$97,944)</b>	<b>\$48,732,783</b>

\* Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$734,240
Vocational	11,531
<b>Support Services:</b>	
Instructional Staff	0
Administration	2,615
Operation and Maintenance of Plant	6,769
Pupil Transportation	44,225
<b>Operation of Non-Instructional Services:</b>	
Food Service Operations	10,178
Extracurricular Activities	39,958
<b>Total Depreciation Expense</b>	<b>\$849,516</b>

**Note 11- Risk Management**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the



**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

School District contracted with Hylant Administrative Services for property and fleet insurance. The type and amount of coverage provided follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$49,257,000
Automobile Liability (\$1,000 deductible):	
Bodily Injury and Property Damage – combined single limit	2,000,000
Medical Payments – each person	5,000
Uninsured Motorists	1,000,000

The School District has joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 18).

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:	
Each Occurrence	\$2,000,000
Aggregate Limit	4,000,000
Products – Complete Operations Aggregate Limit	2,000,000
Fire Legal Liability	500,000
Medical Expense Limit – per person/accident	10,000
Employers Liability – Stop Gap:	
Per Accident	2,000,000
Per Disease Each Employee	2,000,000
Per Disease Policy Limit	2,000,000
Employee Benefits Liability:	
Per Claim	2,000,000
Aggregate Limit	4,000,000
Excess Liability:	
Each Occurrence	2,000,000
Aggregate Limit	4,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

***B. Workers' Compensation***

For fiscal year 2011, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 12 - Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Employees who earn vacation can carry over unused vacation for one year. If vacation is unused after that year, upon employee request, the employee may be paid for it at that time. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 78 days.

***B. Life Insurance and Health Care Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to certified and classified employees through Guardian Life Insurance Inc., in the amount of \$30,000 and \$10,000, respectively.

Health insurance is provided by Anthem Blue Cross/Blue Shield. Premiums for this coverage are \$1,581 for family coverage and \$640 for single coverage. The School District pays 85% of the premium for employees hired before May 1, 2009. For employees hired after May 1, 2009, the School District pays 70% of the premium. Dental insurance is provided by Guardian Life Insurance Inc. Premiums are \$21 for individual coverage and \$71 for family coverage. The School District pays 100% of the individual premium. Employees opting for family coverage must pay the difference. Vision insurance is provided by Guardian Life Insurance Inc. Premiums are \$7 for individual coverage and \$16 for family coverage. The School District pays 100% of the individual premium. Employees opting for family coverage must pay the difference.

**Note 13 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009, were \$231,954, \$284,699, and \$189,831, respectively. For fiscal year 2011, 33.14 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

***B. State Teachers Retirement System***

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009, were \$759,333, \$792,734, and \$827,789, respectively. For fiscal year 2011, 83.95 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$18,501 made by the School District and \$13,215 made by

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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the plan members.

**Note 14 - Postemployment Benefits**

***A. School Employees Retirement System***

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were \$78,904, \$8,218, and \$114,328, respectively. For fiscal year 2011, 27.55 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009, were \$15,641, \$16,195, and \$12,233, respectively. For fiscal year 2011, 36.19 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

***B. State Teachers Retirement System***

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were \$58,410, \$60,980, and \$63,676, respectively. For fiscal year 2011, 83.95 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

**Note 15 – Long-Term Obligations**

The changes in the School District’s long-term obligations during the fiscal year consist of the following:

	Principal Outstanding 6/30/2010	Additions	Reductions	Principal Outstanding 6/30/2011	Amounts Due in One Year
<b>Governmental Activities</b>					
School Facilities Construction and Improvement Bonds, 2007 4.0-5.0%	\$14,555,000	\$0	\$225,000	\$14,330,000	\$250,000
Premium on Bonds	328,917	0	13,471	315,446	0
Discount on Bonds	(78,255)	0	(3,205)	(75,050)	0
School Facilities Construction and Improvement Bonds, 2010 2.0-5.0%	3,000,000	0	0	3,000,000	0
Premium on Bonds	63,438	0	2,546	60,892	0
Discount on Bonds	(29,900)	0	(1,200)	(28,700)	0
<b>Total General Obligation Bonds</b>	<b>17,839,200</b>	<b>0</b>	<b>236,612</b>	<b>17,602,588</b>	<b>250,000</b>
Sick Leave Benefits	1,033,823	70,820	136,725	967,918	79,922
<b>Total Governmental Activities</b>					
<b>Long-Term Liabilities</b>	<b>\$18,873,023</b>	<b>\$70,820</b>	<b>\$373,337</b>	<b>\$18,570,506</b>	<b>\$329,922</b>

On May 19, 2010, the School District issued \$3,000,000 in voted general obligation bonds to pay off a note which had been issued to pay the local share of the school construction under the state of Ohio Classroom Facilities Assistance Program. On October 18, 2006, the School District issued \$15,000,000 in voted general obligation bonds to pay the local share of the school construction under the state of Ohio Classroom Facilities Assistance Program.

Sick leave benefits will be paid from the fund from which the employees’ salaries are paid. These funds include the General Fund and Food Service, Auxiliary, IDEA-B, and Title I Funds.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$250,000	\$787,515	\$1,037,515
2013	255,000	777,465	1,032,465
2014	390,000	764,665	1,154,665
2015	405,000	748,865	1,153,865
2016	420,000	732,459	1,152,459
2017-2021	2,680,000	3,344,350	6,024,350
2022-2026	3,725,000	2,635,465	6,360,465
2027-2031	4,630,000	1,717,905	6,347,905
2032-2035	4,575,000	471,625	5,046,625
	<u>\$17,330,000</u>	<u>\$11,980,314</u>	<u>\$29,310,314</u>

The School District exceeded its overall debt limitation of \$12,640,076 by \$4,689,924. The Board of Education has obtained consent from the State Tax Commissioner and the Superintendent of Public Instruction to issue debt beyond the nine percent debt limitation, as the School District qualifies as a “special needs district.” The School District’s unvoted debt margin was \$140,445 at June 30, 2011.

**Note 16 – Interfund Balances and Transfers**

Interfund receivables and payables at June 30, 2011 consist of the following individual balances, representing monies advanced to special revenue funds to be repaid to the General Fund when grant funds are received:

	Interfund Receivable	Interfund Payable
General Fund:	\$191,579	\$0
Special Revenue Funds:		
Education Jobs Fund	0	13,120
Food Service Fund	0	56,598
Improving Teacher Quality Fund	0	245
IDEA Fund	0	121,616
Total All Funds	<u>\$191,579</u>	<u>\$191,579</u>

During fiscal year 2011, the General Fund made a transfer in the amount of \$75,035 to the Food Service Fund to cover operating costs.

**Note 17 - Jointly Governed Organizations**

**The South Central Ohio Computer Association (SCOCA)** is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. Ironton City School District paid \$85,784 for services provided during fiscal year 2011. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

**The Lawrence County Joint Vocational School District** is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake Union Exempted Village School District, two from the Ironton City School District, and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. Ironton City School District made no payments to the Joint Vocational School District in fiscal year 2011. To obtain financial information write to the Lawrence County Joint Vocational School District, 11627 State Route 243, Chesapeake, OH 45619.

**The Educational Regional Service System (ERSS) Region 15** is a jointly governed organization consisting of educational entities within Lawrence, Pike, Scioto, and Ross counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the South Central Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

**Note 18 - Insurance Purchasing Pools**

The School District participates in the **Ohio School Plan (OSP)**, an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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The School District participates in the **Lawrence County Schools Insurance Purchasing Consortium**, an insurance purchasing pool. The consortium's business and affairs are conducted by a nine member Board of Directors consisting of the superintendents of member school districts and educational service centers.

The School District participates in the **Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP)**, an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the plan.

**Note 19 – Donor Restricted Endowments**

The School District's private purpose trust funds include donor restricted endowments. Total endowments, representing the principal portion are \$53,358. The amount of net appreciation in donor restricted investments that is available for expenditure by the School District is \$32,060 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowments' intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that interest should be used to provide scholarships each year.

**Note 20 - Set asides**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set aside money for budget stabilization.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2004, the Board of Education spent the majority of the budget reserve, pursuant to State Statute, which left a remaining balance of \$4,409. On February 15, 2010, the Board of Education approved a resolution to transfer the remaining monies to the General Fund where it was used for construction costs related to the Ohio School Facilities Project. The actual transfer was made on March 30, 2010. Therefore, the budget stabilization reserve has been omitted from the footnote on the following page for June 30, 2011.



**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks and capital improvements. Disclosure of this information is required by State statute.

	Textbooks/ Instructional Materials Reserve	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2010	\$738,357	\$0
Current Year Set-aside Requirement	208,412	208,412
Offsets	0	(99,166)
Qualifying Disbursements	(313,858)	(109,886)
Total	\$632,911	(\$640)
Set-aside Balance Carried Forward to Future Fiscal Years	\$632,911	\$0
Set-aside Reserve Balance as of June 30, 2011	\$632,911	\$0

The School District had qualifying expenditures and offsets during the fiscal year that reduced the capital improvement set-aside amounts below zero. The extra amount may not be used to reduce the set-aside requirements of future years.

**Note 21 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

***B. Litigation***

The School District is currently not a party to any legal proceedings.

**Note 22 – Compliance**

34 C.F.R. Section 80.20 (b)(7) outlines federal guidelines associated with cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. State Fiscal Stabilization Fund (SFSF) program funds were advanced to School Districts through the foundation program as indicated in the ODE Pathway to Student Success (PASS) form, a form that shows funding information for the components of the Evidence Based Funding Model (EBM). Foundation payments were automatically sent to School Districts on a bi-monthly basis. The School District did not ensure that SFSF monies were spent in a timely manner (i.e. within 30 days of receipt).

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**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2010/2011	10.555	\$ 22,025	\$ 22,025
Cash Assistance:				
School Breakfast Program	2010/2011	10.553	149,307	149,307
National School Lunch Program	2010/2011	10.555	263,386	263,386
Cash Assistance Subtotal			<u>412,693</u>	<u>412,693</u>
Total Child Nutrition Cluster			<u>434,718</u>	<u>434,718</u>
Total U.S. Department of Agriculture			434,718	434,718
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Cluster:				
Title I Grants to Local Educational Agencies	2010	84.010	48,221	100,105
	2011		422,704	422,533
Total Title I Grants to Local Educational Agencies			<u>470,925</u>	<u>522,638</u>
ARRA - Title I Grants to Local Educational Agencies	2010	84.389	655	19,777
	2011		372,367	355,214
Total ARRA - Title I Grants to Local Educational Agencies			<u>373,022</u>	<u>374,991</u>
Total Title I Cluster			843,947	897,629
Special Education Cluster:				
Special Education - Grants to States	2010	84.027	71,635	85,223
	2011		238,573	293,609
Total Special Education - Grants to States			<u>310,208</u>	<u>378,832</u>
ARRA - Special Education - Grants to States	2010	84.391	26,942	126,928
	2011		82,395	148,975
Total ARRA - Special Education - Grants to States			<u>109,337</u>	<u>275,903</u>
Total Special Education Cluster			419,545	654,735
Safe and Drug-Free Schools and Communities - State Grants	2010	84.186	3,644	1,893
	2011		10,485	1,553
Total Safe and Drug-Free Schools and Communities - State Grants			<u>14,129</u>	<u>3,446</u>
Education Technology State Grants	2010	84.318	1,580	2,200
	2011		9,121	5,162
Total Education Technology State Grants			<u>10,701</u>	<u>7,362</u>
Improving Teacher Quality State Grants	2010	84.367	19,626	30,926
	2011		151,825	152,069
Total Improving Teacher Quality State Grants			<u>171,451</u>	<u>182,995</u>
ARRA - State Fiscal Stabilization Fund - Education State Grants	2010	84.394	0	111,955
	2011		629,872	629,872
Total ARRA - State Fiscal Stabilization Fund - Education State Grants			<u>629,872</u>	<u>741,827</u>
Education Jobs Fund	2011	84.410	172,507	185,628
Total U.S. Department of Education			<u>2,262,152</u>	<u>2,673,622</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 2,696,870</u></b>	<b><u>\$ 3,108,340</u></b>

*The Notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of the Schedule.*

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the School District's federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

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

Ironton City School District  
Lawrence County  
105 South Fifth Street  
Ironton, Ohio 45638

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ironton City School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 26, 2012, wherein we noted the School District has adopted Governmental Accounting Standards Board Statement No. 54. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated January 26, 2012.

We intend this report solely for the information and use of management, the audit committee, the Board of Education, federal awarding agencies and pass-through entities, and others within the School District. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

January 26, 2012



# Dave Yost • Auditor of State

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

Ironton City School District  
Lawrence County  
105 South Fifth Street  
Ironton, Ohio 45638

To the Board of Education:

### Compliance

We have audited the compliance of the Ironton City School District, Lawrence County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with these requirements.

As described in Finding 2011-01 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding cash management applicable to its ARRA – State Fiscal Stabilization Fund – Education State Grants major federal program. Compliance with this requirement is necessary, in our opinion for the School District to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2011-01 to be a material weakness.

The School District's response to the finding we identified is described in the accompanying Schedule of Findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated January 26, 2012.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, others within the School District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

January 26, 2012



**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified – ARRA – State Fiscal Stabilization Fund – Education State Grants  Unqualified – Title I Cluster; Special Education Cluster; Child Nutrition Cluster
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster: CFDA #10.553 and #10.555  Title I Cluster: CFDA #84.010 and #84.389  Special Education Cluster: CFDA #84.027 and #84.391  ARRA – State Fiscal Stabilization Fund – Education State Grants: CFDA #84.394
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2011  
(Continued)**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2011-01
<b>CFDA Title and Number</b>	ARRA – State Fiscal Stabilization Fund – Education State Grants – CFDA #84.394
<b>Federal Award Number / Year</b>	2011
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance Finding/Material Weakness**

**Cash Management**

34 C.F.R. Section 80.20 (b)(7) outlines federal guidelines associated with cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

34 C.F.R. Section 80.21 indicates methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 C.F.R. Part 205.

State Fiscal Stabilization Fund (SFSF) program funds were advanced to School Districts through the foundation program as indicated in the ODE Pathway to Student Success (PASS) form, a form that shows funding information for the components of the Evidence Based Funding Model (EBM). Foundation payments were automatically sent to School Districts on a bi-monthly basis. The PASS form breaks out the individual components of EBM, including the amount representing SFSF. SFSF funds were required to be deposited into USAS Fund 532. School Districts must have an internal control system in place for ensure advance SFSF payments are spent timely (i.e., within 30 days or by the end of the month, whichever occurs first).

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2011  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2011-01 (Continued)
<b>CFDA Title and Number</b>	ARRA – State Fiscal Stabilization Fund – Education State Grants – CFDA #84.394
<b>Federal Award Number / Year</b>	2011
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance Finding/Material Weakness (Continued)**

**Cash Management (Continued)**

The School District did not ensure that SFSF monies were spent in a timely manner (i.e. within 30 days of receipt or by the end of the month). The School District maintained a balance of at least \$60,000 in their 532 fund from the December 2010 and continuing into June 2011. At year end, the School District had an ending balance in this account of \$0. The School District was not able to spend their monies within 30 days or by the end of the month of receipt of their funding. This was mainly due to the fact that the School District expected its utility bills to increase substantially (and these are the costs the School District had planned to utilize their SFSF monies on) due to the construction of new school buildings; however, this increase did not occur, and, at the same time, the School District Treasurer found out that the utility costs associated with the construction of new school buildings should have been charged to the Ohio School Facilities Fund local share. As a result, the School District Treasurer had to make code corrections in order to charge General Fund salaries to the SFSF so that the SFSF monies would be liquidated by June 30, 2011. Further, we estimate the imputed interest on the excess SFSF balances throughout the year payable to the U.S. Department of Education was approximately \$1,105.

We recommend the School District monitor grant funds to ensure that cash management compliance guidelines are met in the future.

**Officials' Response:** Initial monies were being spent on utilities as allocated. Upon discovering the utility costs would be covered by the Ohio School Facilities Commission, prior monies that were expended for utilities were re-allocated to salaries. A correcting entry could not be made until the correct amount could be validated. Unfortunately, the time needed exceeded the June 30 deadline.

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.315(b)  
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-01	A significant deficiency was issued regarding the reconciliation process of the new automated food service program.	Yes	Corrected.
2010-02	A citation was issued under 2 C.F.R. Section 215.22 and 31 C.F.R. Section 205.33 for not spending monies in a timely manner.	No	Not Corrected. Reissued as Finding Number 2011-01.
2010-03	A citation/questioned cost was issued under 2 C.F.R. Part 225 (A-87) Appendix B, Part 8 g for paying severance using Title I monies.	Yes	Corrected.

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315(c)  
JUNE 30, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-01	Grant was closed out by June 30, 2011.	Unknown	Patty Wade, Treasurer

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# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedures

Ironton City School District  
Lawrence County  
105 South Fifth Street  
Ironton, Ohio 45638

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Ironton City School District, Lawrence County, Ohio (the School District), has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board did not amend its anti-harassment policy to include violence within a dating relationship within its definition of harassment, intimidation or bullying by the required date. A revised anti-harassment policy was approved by the Board at its meeting on December 16, 2010 which included the required dating violence language.

Ohio Rev. Code Section 3313.666 required the Board to amend its definition by September 28, 2010.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

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

**Dave Yost**  
Auditor of State

January 26, 2012





# Dave Yost • Auditor of State

**IRONTON CITY SCHOOL DISTRICT**

**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  
FEBRUARY 14, 2012**