



Dave Yost • Auditor of State

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ironton City School District
Lawrence County
105 South 5th Street
Ironton, Ohio 45638

To the Board of Education:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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, 2013, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General and Title I Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, for the year ended June 30, 2013, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

February 11, 2014

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Ironton City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

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, 2013. 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 2013 are as follows:

- Net position of governmental activities decreased \$1,736,080, as expenditures continue to outpace revenues.
- General revenues accounted for \$12,460,868 or 76.1 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$3,907,582 or 23.9 percent of total revenues of \$16,368,450.
- The School District had \$18,104,530 in expenses related to governmental activities; \$3,907,582 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$12,460,868 were not adequate to provide for the rest of these programs.

Using the Basic Financial Statements

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 Position 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.

Reporting the School District as a Whole

Statement of Net Position 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 2013?" The Statement of Net Position 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.

Ironton City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

These two statements report the School District's net position and changes in that position. This change in net position 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 Position 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 9. 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 Position 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 Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its 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.

Ironton City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012.

Table 1
Net Position

	Governmental Activities		
	2013	2012 *	Change
Assets			
Current and Other Assets	\$10,944,864	\$11,590,094	(\$645,230)
Capital Assets	46,062,624	47,496,354	(1,433,730)
Total Assets	57,007,488	59,086,448	(2,078,960)
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,631,520	0	1,631,520
Liabilities			
Long-term Liabilities	19,278,686	18,081,639	1,197,047
Other Liabilities	1,911,188	2,096,468	(185,280)
Total Liabilities	21,189,874	20,178,107	1,011,767
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	2,948,108	2,671,235	276,873
Net Position			
Net Investment in Capital Assets	29,331,417	30,652,180	(1,320,763)
Restricted	4,328,065	4,714,114	(386,049)
Unrestricted	841,544	870,812	(29,268)
Total Net Position	\$34,501,026	\$36,237,106	(\$1,736,080)

* - Certain reclassifications were made to prior year amounts for consistency of reporting between years.

Total assets decreased \$2,078,960, primarily due to decreases in grants receivable and increases in depreciation. Total liabilities increased \$1,011,767, primarily due to refunding debt being issued at a premium.

Ironton City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 2 shows the changes in net position for the fiscal year ended June 30, 2013, and comparisons to fiscal year 2012.

Table 2
Changes in Net Position

	Governmental Activities		
	2013	2012	Change
Revenues			
Program Revenues			
Charges for Services	\$1,835,961	\$1,682,238	\$153,723
Operating Grants, Contributions and Interest	2,071,621	2,160,227	(88,606)
Total Program Revenues	3,907,582	3,842,465	65,117
General Revenues			
Property Taxes	3,282,486	3,815,034	(532,548)
Grants and Entitlements	8,749,352	8,402,771	346,581
Gain on Sale of Fixed Assets	0	144,965	(144,965)
Investment Earnings	9,406	10,662	(1,256)
Miscellaneous	419,624	38,463	381,161
Total General Revenues	12,460,868	12,411,895	48,973
Total Revenues	16,368,450	16,254,360	114,090
Program Expenses			
Instruction:			
Regular	8,517,808	7,754,551	763,257
Special	1,365,067	1,246,778	118,289
Vocational	113,134	153,901	(40,767)
Intervention	205,683	116,370	89,313
Support Services:			
Pupils	706,864	678,617	28,247
Instructional Staff	483,749	456,645	27,104
Board of Education	250,576	264,076	(13,500)
Administration	987,728	944,965	42,763
Fiscal	642,874	636,541	6,333
Operation and Maintenance of Plant	2,051,975	1,750,897	301,078
Pupil Transportation	685,178	665,229	19,949
Central	110,086	80,782	29,304
Operation of Non-Instructional Services:			
Food Service Operations	645,251	660,961	(15,710)
Community Services	158,071	189,614	(31,543)
Extracurricular Activities	779,207	632,738	146,469
Interest and Fiscal Charges	401,279	781,169	(379,890)
Total Expenses	18,104,530	17,013,834	1,090,696
Decrease in Net Position	(1,736,080)	(759,474)	(976,606)
Net Position Beginning of Year	36,237,106	36,996,580	(759,474)
Net Position End of Year	\$34,501,026	\$36,237,106	(\$1,736,080)

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.

Ironton City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 3
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012
Program Expenses				
Instruction:				
Regular	\$8,517,808	\$6,414,836	\$7,754,551	\$5,889,406
Special	1,365,067	1,118,500	1,246,778	784,688
Vocational	113,134	113,134	153,901	153,901
Other	205,683	205,683	116,370	116,370
Support Services:				
Pupils	706,864	587,125	678,617	606,604
Instructional Staff	483,749	336,219	456,645	311,138
Board of Education	250,576	250,576	264,076	258,676
Administration	987,728	985,031	944,965	930,679
Fiscal	642,874	613,553	636,541	576,278
Operation and Maintenance of Plant	2,051,975	2,051,481	1,750,897	1,748,797
Pupil Transportation	685,178	641,130	665,229	621,806
Central	110,086	110,086	80,782	80,782
Operation of Non-Instructional Services:				
Food Service Operations	645,251	(24,208)	660,961	(5,610)
Community Services	158,071	(15,051)	189,614	(5,557)
Extracurricular Activities	779,207	407,574	632,738	322,242
Interest and Fiscal Charges	401,279	401,279	781,169	781,169
Total	\$18,104,530	\$14,196,948	\$17,013,834	\$13,171,369

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 78 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 had \$12,407,117 in revenues and \$12,363,031 in expenditures. The General Fund's balance increased \$44,086. The Title I Fund accounts for the largest federal program operated by the School District. The Title I Fund had \$1,050,634 in revenues and \$1,295,674 in expenditures. Its fund balance decreased \$245,040 due to outstanding grant commitments at year end. The Bond Retirement Fund had \$1,126,545 in revenues and \$1,042,421 in expenditures. The Bond Retirement Fund's balance increased \$242,932. The School Facilities Fund had \$374,311 in revenues and \$121,414 in expenditures. Its fund balance increased \$252,897 due to escrow accounts being returned to the School District.

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.

Ironton City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

During the course of fiscal year 2013, 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 \$12,587,194, above original estimates of \$11,767,363. This difference was due to conservative estimates for all revenue types at the beginning of the fiscal year. Also, final budget basis estimated expenditures were \$12,383,220, slightly more than original estimates of \$12,222,545.

The School District's ending unobligated General Fund balance was \$2,174,906.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$46,062,624 invested in land, buildings, improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2013 balances compared to 2012.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2013	2012
Land	\$471,255	\$471,255
Land Improvements	4,742,957	5,014,829
Buildings and Improvements	40,190,038	41,338,123
Furniture and Equipment	554,169	544,329
Vehicles	104,205	127,818
Totals	\$46,062,624	\$47,496,354

See Note 10 for more information on Capital Assets.

Debt

At June 30, 2013, the School District had the following debt outstanding:

Table 5
 Outstanding Debt, at Fiscal Year End

	Governmental Activities	
	2013	2012
General Obligation Bonds	\$18,541,453	\$17,340,976

See Note 15 for more information on debt.

Ironton City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Economic Factors

The School District depends on the State School Foundation Program. The School District must monitor its current spending levels in order to continue to stay within its revenues. 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 Position

June 30, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,906,585
Cash and Cash Equivalents with Escrow Agents	14,239
Accounts Receivable	30,600
Intergovernmental Receivable	2,437,483
Materials and Supplies Inventory	6,107
Property Taxes Receivable	3,549,850
Nondepreciable Capital Assets	471,255
Depreciable Capital Assets, Net	<u>45,591,369</u>
<i>Total Assets</i>	<u>57,007,488</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	<u>1,631,520</u>
Liabilities	
Accounts Payable	189,921
Accrued Wages and Benefits Payable	1,193,659
Retainage Payable	14,239
Accrued Interest Payable	49,115
Vacation Benefits Payable	110,691
Intergovernmental Payable	353,563
Long-Term Liabilities:	
Due within One Year	575,000
Due in More than One Year	<u>18,703,686</u>
<i>Total Liabilities</i>	<u>21,189,874</u>
Deferred Inflows of Resources	
Property Taxes not Levied to Finance Current Year Operations	<u>2,948,108</u>
Net Position	
Net Investment in Capital Assets	29,331,417
Restricted for:	
Capital Projects	2,014,106
Debt Service	914,356
Bus Purchases	35,379
Unclaimed Monies	17,551
Other Purposes	1,346,673
Unrestricted	<u>841,544</u>
<i>Total Net Position</i>	<u>\$34,501,026</u>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$8,517,808	\$1,424,960	\$678,012	(\$6,414,836)
Special	1,365,067	0	246,567	(1,118,500)
Vocational	113,134	0	0	(113,134)
Intervention	205,683	0	0	(205,683)
Support Services:				
Pupils	706,864	0	119,739	(587,125)
Instructional Staff	483,749	0	147,530	(336,219)
Board of Education	250,576	0	0	(250,576)
Administration	987,728	0	2,697	(985,031)
Fiscal	642,874	0	29,321	(613,553)
Operation and Maintenance of Plant	2,051,975	0	494	(2,051,481)
Pupil Transportation	685,178	0	44,048	(641,130)
Central	110,086	0	0	(110,086)
Operation of Non-Instructional Services:				
Food Service Operations	645,251	117,697	551,762	24,208
Community Services	158,071	0	173,122	15,051
Extracurricular Activities	779,207	293,304	78,329	(407,574)
Interest and Fiscal Charges	401,279	0	0	(401,279)
<i>Totals</i>	<u>\$18,104,530</u>	<u>\$1,835,961</u>	<u>\$2,071,621</u>	<u>(14,196,948)</u>

General Revenues

Property Taxes Levied for:

General Purposes	2,304,976
Debt Service	927,840
Classroom Facilities Maintenance	49,670
Grants and Entitlements not Restricted to Specific Programs	8,749,352
Investment Earnings	9,406
Miscellaneous	419,624

Total General Revenues 12,460,868

Change in Net Position (1,736,080)

Net Position Beginning of Year 36,237,106

Net Position End of Year \$34,501,026

See accompanying notes to the basic financial statements

Ironton City School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2013

	General	Title I	Bond Retirement	School Facilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$2,173,536	\$332,801	\$988,051	\$805,866	\$557,810	\$4,858,064
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	48,521	0	0	0	0	48,521
Cash and Cash Equivalents With Escrow Agents	0	0	0	14,239	0	14,239
Receivables:						
Property Taxes	2,492,621	0	1,003,618	0	53,611	3,549,850
Accounts	0	0	0	0	30,600	30,600
Intergovernmental	0	1,013,268	0	1,140,047	284,168	2,437,483
Interfund	341,313	0	0	0	0	341,313
Materials and Supplies Inventory	0	0	0	0	6,107	6,107
<i>Total Assets</i>	<u>\$5,055,991</u>	<u>\$1,346,069</u>	<u>\$1,991,669</u>	<u>\$1,960,152</u>	<u>\$932,296</u>	<u>\$11,286,177</u>
Liabilities						
Accounts Payable	\$23,797	\$147,699	\$17,150	\$0	\$1,275	\$189,921
Accrued Wages and Benefits Payable	1,006,206	74,141	0	0	113,312	1,193,659
Retainage Payable	0	0	0	14,239	0	14,239
Interfund Payable	0	341,313	0	0	0	341,313
Intergovernmental Payable	301,968	11,938	0	0	39,657	353,563
<i>Total Liabilities</i>	<u>1,331,971</u>	<u>575,091</u>	<u>17,150</u>	<u>14,239</u>	<u>154,244</u>	<u>2,092,695</u>
Deferred Inflows of Resources						
Property taxes not Levied to Finance						
Current Year Operations	2,071,261	0	832,322	0	44,525	2,948,108
Unavailable Revenue	283,553	1,013,268	115,201	1,140,047	290,278	2,842,347
<i>Total Deferred Inflows of Resources</i>	<u>2,354,814</u>	<u>1,013,268</u>	<u>947,523</u>	<u>1,140,047</u>	<u>334,803</u>	<u>5,790,455</u>
Fund Balances						
Nonspendable	17,551	0	0	0	6,107	23,658
Restricted	30,970	0	1,026,996	805,866	481,216	2,345,048
Committed	87,111	0	0	0	0	87,111
Assigned	107,447	0	0	0	0	107,447
Unassigned	1,126,127	(242,290)	0	0	(44,074)	839,763
<i>Total Fund Balances</i>	<u>1,369,206</u>	<u>(242,290)</u>	<u>1,026,996</u>	<u>805,866</u>	<u>443,249</u>	<u>3,403,027</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$5,055,991</u>	<u>\$1,346,069</u>	<u>\$1,991,669</u>	<u>\$1,960,152</u>	<u>\$932,296</u>	<u>\$11,286,177</u>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2013*

Total Governmental Fund Balances		\$3,403,027
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		46,062,624
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:		
Property Taxes	404,864	
Grants	<u>2,437,483</u>	2,842,347
Deferred Outflows of Resources represent deferred charges on refundings which do not provide current financial resources and therefore are not reported in the funds		1,631,520
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the balance sheet.		(49,115)
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.		(110,691)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
School Improvement Bonds Payable	(18,541,453)	
Sick Leave Benefits Payable	<u>(737,233)</u>	<u>(19,278,686)</u>
Net Position of Governmental Activities		<u><u>\$34,501,026</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, 2013

	General	Title I	Bond Retirement	School Facilities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$2,365,975	\$0	\$949,533	\$0	\$50,923	\$3,366,431
Intergovernmental	8,549,240	1,050,634	177,012	14,227	1,602,672	11,393,785
Investment Earnings	8,390	0	0	1,016	12	9,418
Tuition and Fees	1,338,146	0	0	0	0	1,338,146
Rent	28,500	0	0	0	0	28,500
Extracurricular	58,314	0	0	0	293,304	351,618
Gifts and Donations	0	0	0	0	3,317	3,317
Charges for Services	0	0	0	0	117,697	117,697
Miscellaneous	58,552	0	0	359,068	2,004	419,624
<i>Total Revenues</i>	<u>12,407,117</u>	<u>1,050,634</u>	<u>1,126,545</u>	<u>374,311</u>	<u>2,069,929</u>	<u>17,028,536</u>
Expenditures						
Current:						
Instruction:						
Regular	5,774,232	763,364	0	0	435,366	6,972,962
Special	884,575	479,793	0	0	0	1,364,368
Vocational	102,063	0	0	0	0	102,063
Intervention	205,683	0	0	0	0	205,683
Support Services:						
Pupils	570,123	0	0	0	138,454	708,577
Instructional Staff	301,634	0	0	0	180,602	482,236
Board of Education	250,576	0	0	0	0	250,576
Administration	958,939	4,239	0	0	9,327	972,505
Fiscal	561,778	17,025	36,917	0	21,963	637,683
Operation and Maintenance of Plant	1,642,682	0	0	121,414	221,047	1,985,143
Pupil Transportation	630,711	0	0	0	30,308	661,019
Central	110,547	0	0	0	0	110,547
Operation of Non-Instructional Services:						
Food Service Operations	0	0	0	0	639,201	639,201
Community Services	0	31,253	0	0	132,761	164,014
Extracurricular Activities	369,488	0	0	0	369,736	739,224
Capital Outlay	0	0	0	0	119,741	119,741
Debt Service:						
Principal Retirement	0	0	255,000	0	0	255,000
Issuance Costs	0	0	137,967	0	0	137,967
Interest and Fiscal Charges	0	0	612,537	0	0	612,537
<i>Total Expenditures</i>	<u>12,363,031</u>	<u>1,295,674</u>	<u>1,042,421</u>	<u>121,414</u>	<u>2,298,506</u>	<u>17,121,046</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>44,086</u>	<u>(245,040)</u>	<u>84,124</u>	<u>252,897</u>	<u>(228,577)</u>	<u>(92,510)</u>
Other Financing Sources						
Refunding Bonds Issued	0	0	8,240,000	0	0	8,240,000
Premium on Bonds Issued	0	0	1,714,116	0	0	1,714,116
Discount on Bonds Issued	0	0	(98,602)	0	0	(98,602)
Payment to Refunded Bond Escrow Agent	0	0	(9,696,706)	0	0	(9,696,706)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>158,808</u>	<u>0</u>	<u>0</u>	<u>158,808</u>
<i>Net Change in Fund Balance</i>	<u>44,086</u>	<u>(245,040)</u>	<u>242,932</u>	<u>252,897</u>	<u>(228,577)</u>	<u>66,298</u>
<i>Fund Balances Beginning of Year</i>	<u>1,325,120</u>	<u>2,750</u>	<u>784,064</u>	<u>552,969</u>	<u>671,826</u>	<u>3,336,729</u>
<i>Fund Balances End of Year</i>	<u>\$1,369,206</u>	<u>(\$242,290)</u>	<u>\$1,026,996</u>	<u>\$805,866</u>	<u>\$443,249</u>	<u>\$3,403,027</u>

See accompanying notes to the basic financial statements

Ironton City School District
*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, 2013*

Net Change in Fund Balances - Total Governmental Funds \$66,298

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

Governmental funds report capital outlays as expenditures. However, in 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	92,795	
Depreciation Expense	<u>(1,526,525)</u>	(1,433,730)

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

Grants	(576,141)	
Delinquent Taxes	<u>(83,945)</u>	(660,086)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 255,000

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:

Capital Appreciation Bond Premium	24,664	
Accrued Interest Payable	69,761	
Amortization of Discount	(46,222)	
Amortization of Serial Premium	188,553	
Amortization of Deferred Amount on Refunding	(18,540)	
Annual Accretion	<u>(6,958)</u>	211,258

Long-term debt proceeds are other financing sources in the governmental funds, but the issuance increases long-term liabilities on the statement of net position:

Proceeds of General Obligation Bonds	(8,240,000)	
Bond Premium	(1,714,116)	
Bond Discount	<u>98,602</u>	(9,855,514)

Payment to refunded bond escrow agent is an other financing use in the governmental funds, but the payment reduces long-term liabilities on the statement of net position. 9,696,706

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

Vacation Benefits Payable	(19,442)	
Sick Leave Benefits Payable	<u>3,430</u>	(16,012)

Change in Net Position of Governmental Activities (\$1,736,080)

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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$2,151,682	\$2,545,997	\$2,545,997	\$0
Intergovernmental	8,390,786	8,549,240	8,549,240	0
Investment Earnings	5,750	8,445	8,445	0
Tuition and Fees	1,141,070	1,338,146	1,338,146	0
Rent	17,000	28,500	28,500	0
Extracurricular Activities	28,375	58,314	58,314	0
Miscellaneous	32,700	58,552	58,552	0
<i>Total Revenues</i>	<u>11,767,363</u>	<u>12,587,194</u>	<u>12,587,194</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	6,033,237	5,786,727	5,786,727	0
Special	831,928	900,227	900,227	0
Vocational	143,242	114,739	114,739	0
Intervention	119,820	205,683	205,683	0
Support Services:				
Pupils	547,231	554,257	554,257	0
Instructional Staff	260,336	295,004	295,004	0
Board of Education	279,222	255,579	255,579	0
Administration	758,230	932,956	932,956	0
Fiscal	563,260	560,678	560,678	0
Operation and Maintenance of Plant	1,650,417	1,668,773	1,668,773	0
Pupil Transportation	622,552	633,972	633,972	0
Central	61,810	109,069	109,069	0
Extracurricular Activities	351,260	365,556	365,556	0
<i>Total Expenditures</i>	<u>12,222,545</u>	<u>12,383,220</u>	<u>12,383,220</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(455,182)</u>	<u>203,974</u>	<u>203,974</u>	<u>0</u>
Other Financing Sources (Uses)				
Advances In	6,500	42,106	42,106	0
Advances Out	(42,527)	(341,313)	(341,313)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(36,027)</u>	<u>(299,207)</u>	<u>(299,207)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(491,209)	(95,233)	(95,233)	0
<i>Fund Balance Beginning of Year</i>	2,177,557	2,177,557	2,177,557	0
Prior Year Encumbrances Appropriated	92,582	92,582	92,582	0
<i>Fund Balance End of Year</i>	<u>\$1,778,930</u>	<u>\$2,174,906</u>	<u>\$2,174,906</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$2,238,395	\$1,177,387	\$1,177,387	\$0
<i>Total Revenues</i>	<u>2,238,395</u>	<u>1,177,387</u>	<u>1,177,387</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	343,936	950,475	950,475	0
Special	725,608	467,797	467,797	0
Support Services:				
Administration	0	4,239	4,239	0
Fiscal	3,105	17,025	17,025	0
Operation of Non-Instructional Services:				
Community Services	63,568	38,799	38,799	0
<i>Total Expenditures</i>	<u>1,136,217</u>	<u>1,478,335</u>	<u>1,478,335</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,102,178</u>	<u>(300,948)</u>	<u>(300,948)</u>	<u>0</u>
Other Financing Sources (Uses)				
Advances In	0	341,313	341,313	0
Advances Out	0	(40,365)	(40,365)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>300,948</u>	<u>300,948</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,102,178	0	0	0
<i>Fund Balance Beginning of Year</i>	(222,255)	(222,255)	(222,255)	0
Prior Year Encumbrances Appropriated	240,984	240,984	240,984	0
<i>Fund Balance End of Year</i>	<u>\$1,120,907</u>	<u>\$18,729</u>	<u>\$18,729</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	Private-Purpose	
	Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$80,560	<u>\$52,316</u>
Liabilities		
Due to Students	0	<u>\$52,316</u>
Net Position		
Restricted for Endowments	53,358	
Held in Trust for Scholarships	<u>27,202</u>	
<i>Total Net Position</i>	<u>\$80,560</u>	

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2013

Additions	
Gifts and Contributions	\$1,455
Interest	<u>168</u>
Total Additions	1,623
Deductions	
Scholarships	<u>4,680</u>
<i>Change in Net Position</i>	(3,057)
<i>Net Position Beginning of Year</i>	<u>83,617</u>
<i>Net Position End of Year</i>	<u><u>\$80,560</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, 2013
(Continued)

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 76 classified employees, 112 certified teaching personnel, and five administrators who provide services to 1,565 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, and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. 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 Council of Governments Health Benefits Program, 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, 2013
(Continued)

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 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 position 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 position 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 position 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, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 deferred inflows, and liabilities and deferred outflows, 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 position and changes in net position. 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 position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, 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. 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 year when the resources are required to be used or the 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, rentals, and charges for services.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources includes a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures On the accrual basis, 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.

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 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 2013, investments included non-negotiable certificates of deposit, which are reported at 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 2013 amounted to \$8,390, which includes \$3,300 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.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 position 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.

All reported capital assets except land 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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
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 for unclaimed monies.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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 position.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 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.

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.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

N. Bond Premiums and Discounts

Bond discounts and premiums are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. 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. Bond discounts on the capital appreciation bonds are accreted over the term of the bonds.

On the government fund financial statements, bond premiums and bond discounts are recognized in the period in which bonds are issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

O. Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

P. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include music and athletic programs and local, federal, and state grants restricted to expenditure for specified purposes.

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

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

R. 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.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

S. 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 - Changes in Accounting Principles

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements;" Statement No. 61, "Accounting and Financial Reporting Entity: Omnibus;" Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements;" Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position;" Statement No. 65, "Items Previously Reported as Assets and Liabilities;" and Statement No. 66, "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and the financial reporting entity display and disclosure requirements. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on the beginning net position and/or fund balance.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 3 - Changes in Accounting Principles (Continued)

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the District's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

Note 4 - Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2013:

	Deficit Fund Balances
Special Revenue Funds:	
Food Service	\$12,017
Race to the Top	439
Title I	242,290
Improving Teacher Quality	25,511

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.

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:

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 5 - Fund Balances (Continued)

Fund Balances	General	Title I	Bond Retirement	School Facilities	Other	Total
					Governmental Funds	
Nonspendable for:						
Unclaimed Monies	\$17,551	\$0	\$0	\$0	\$0	\$17,551
Materials and Supplies Inventory	0	0	0	0	6,107	6,107
<i>Total Nonspendable</i>	17,551	0	0	0	6,107	23,658
Restricted for:						
Athletics and Music	0	0	0	0	58,779	58,779
Facilities Maintenance	0	0	0	0	135,156	135,156
Local Grant Expenditures	0	0	0	0	27,282	27,282
State Grant Expenditures	0	0	0	0	150,796	150,796
Federal Grant Expenditures	0	0	0	0	41,010	41,010
Debt Service Payments	0	0	1,026,996	0	0	1,026,996
Capital Improvements	0	0	0	805,866	68,193	874,059
Bus Purchase	30,970	0	0	0	0	30,970
<i>Total Restricted</i>	30,970	0	1,026,996	805,866	481,216	2,345,048
Committed to:						
Health Insurance Coverage	87,111	0	0	0	0	87,111
Assigned to:						
Other Purposes	107,447	0	0	0	0	107,447
Unassigned:	1,126,127	(242,290)	0	0	(44,074)	839,763
<i>Total Fund Balances</i>	\$1,369,206	(\$242,290)	\$1,026,996	\$805,866	\$443,249	\$3,403,027

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 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.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 6 - Budgetary Basis of Accounting (Continued)

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 and Title I Funds.

Net Change in Fund Balance		
	General Fund	Title I Fund
GAAP Basis	\$44,086	(\$245,040)
Revenue Accruals	180,022	126,753
Unreported Interest Beginning of Year	55	0
Advances In	42,106	341,313
Advances Out	(341,313)	(40,365)
Expenditure Accruals	26,962	131,409
Encumbrances	(47,151)	(314,070)
Budget Basis	(\$95,233)	\$0

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 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;

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 7 - Deposits and Investments (Continued)

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);
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, \$4,966,599 of the School District's bank balance of \$5,224,099 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.

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.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 8 - Property Taxes (Continued)

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute 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 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, and are collected 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.

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 County by June 30, 2013, are available to finance fiscal year 2013 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 and public utility property taxes which were measurable as of June 30, 2013, 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 reflected 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, 2013, was \$137,807 in the General Fund, \$56,095 in the Bond Retirement Fund, and \$2,976 in the School Facilities Fund. The amount available as an advance at June 30, 2012, was \$317,829 in the General Fund, \$129,475 in the Bond Retirement Fund, and \$6,851 in the School Facilities Fund.

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$101,736,410	72%	\$102,059,520	72%
Public Utility Personal	32,031,270	23%	31,980,720	23%
General Business Personal	6,686,280	5%	7,186,080	5%
Total	\$140,453,960	100%	\$141,226,320	100%
Tax rate per \$1,000 of assessed valuation	\$33.70		\$33.70	

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 9 - Receivables

Receivables at June 30, 2013, consisted of accounts, 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:

Intergovernmental Receivables	Title I	School Facilities	Other Governmental Funds	Total
Title I	\$1,013,268	\$0	\$0	\$1,013,268
Title II-A	0	0	33,722	33,722
IDEA-B	0	0	250,446	250,446
Ohio School Facilities Program	0	1,140,047	0	1,140,047
Total Intergovernmental Receivable	\$1,013,268	\$1,140,047	\$284,168	\$2,437,483

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 6/30/2012	Additions	Deductions	Balance 6/30/2013
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$471,255	\$0	\$0	\$471,255
Depreciable Capital Assets:				
Land Improvements	5,657,475	0	0	5,657,475
Buildings and Improvements	46,195,270	0	0	46,195,270
Furniture and Equipment	930,884	86,295	0	1,017,179
Vehicles	856,208	6,500	0	862,708
Total Capital Assets being Depreciated	53,639,837	92,795	0	53,732,632
Less Accumulated Depreciation				
Land Improvements	(642,646)	(271,872)	0	(914,518)
Buildings and Improvements	(4,857,147)	(1,148,085)	0	(6,005,232)
Furniture and Equipment	(386,555)	(76,455)	0	(463,010)
Vehicles	(728,390)	(30,113)	0	(758,503)
Total Accumulated Depreciation	(6,614,738)	(1,526,525) *	0	(8,141,263)
Total Capital Assets being Depreciated, Net	47,025,099	(1,433,730)	0	45,591,369
Capital Assets, Net	\$47,496,354	(\$1,433,730)	\$0	\$46,062,624

* Depreciation expense was charged to governmental functions as follows:

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 10 - Capital Assets (Continued)

Instruction:	
Regular	\$1,419,039
Vocational	10,020
Support Services:	
Administration	2,615
Operation and Maintenance of Plant	12,256
Pupil Transportation	32,434
Operation of Non-Instructional Services:	
Food Service Operations	10,178
Extracurricular Activities	39,983
Total Depreciation Expense	<u><u>\$1,526,525</u></u>

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 2013, the 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)	\$62,449,440
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).

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 11 - Risk Management (Continued)

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 2013, 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.

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.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 12 - Employee Benefits (Continued)

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 Insurance Inc., in the amount of \$30,000 and \$20,000, respectively.

Health insurance is provided by Anthem, Inc. Premiums for this coverage are \$1,589 for family coverage and \$643 for single coverage. The School District pays 85% of the premium for employees hired before August 1, 2009. For employees hired after August 1, 2009, the School District pays 70% of the premium. Dental insurance is provided by CIGNA. Premiums are \$20 for individual coverage and \$66 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 Vision Service Plan. Premiums are \$7 for individual coverage and \$15 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, disability and survivor 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 visiting the SERS website at www.ohsers.org under Employers/ Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining .9 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the years ended June 30, 2013, 2012, and 2011, were \$152,821, \$364,777, and \$231,954, respectively. For fiscal year 2013, 20.36% percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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 system. 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 can 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.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 13 - Defined Benefit Pension Plans (Continued)

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 multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011, were \$719,285, \$750,412, and \$759,333, respectively. For fiscal year 2013, 84.87% percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$27,652 made by the School District and \$19,752 made by the plan members.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 14 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS’ website at www.ohsers.org under Employers/Audit Resources.

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 105(e). For fiscal year 2013, .16 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 fiscal year 2013, this amount was \$20,525.

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, 2013, 2012, and 2011, were \$25,880, \$37,205, and \$78,904 respectively. For fiscal year 2013, 0.0 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District’s contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were \$11,406, \$12,110, and \$15,641, respectively. For fiscal year 2013, 39.72 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

B. State Teachers Retirement System

Plan Description – The School District participates in 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. Ohio law authorizes STRS to offer this plan. 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 can be obtained by visiting 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, 2013
(Continued)

Note 14 - Postemployment Benefits (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011, were \$55,330, \$57,724, and \$58,410 respectively. For fiscal year 2013, 84.87 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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 6/30/2012	Additions	Reductions	Principal Outstanding 6/30/2013	Amounts Due in One Year
Governmental Activities					
2006 School Facilities Construction and Improvement Bonds, 4.0-5.0%					
Serial Bonds	\$5,505,000	\$0	\$1,940,000	\$3,565,000	\$385,000
Term Bonds	8,575,000	0	6,550,000	2,025,000	0
Premium on Bonds	301,975	0	186,007	115,968	0
Discount on Bonds	(71,845)	0	(44,252)	(27,593)	0
2010 School Facilities Construction and Improvement Bonds, 2.0-5.0%					
Serial Bonds	335,000	0	5,000	330,000	5,000
Term Bonds	2,665,000	0	0	2,665,000	0
Premium on Bonds	58,346	0	2,546	55,800	0
Discount on Bonds	(27,500)	0	(1,200)	(26,300)	0
2013 Refunding Bonds, 1.00-3.25%					
Serial Bonds	0	7,570,000	0	7,570,000	185,000
Term Bonds	0	250,000	0	250,000	0
Discount on Bonds	0	(98,602)	(770)	(97,832)	0
Capital Appreciation Bonds, 19.759-20.298%					
Premium on Bonds	0	420,000	0	420,000	0
Accretion on Capital Appreciation Bonds	0	1,714,116	24,664	1,689,452	0
	0	6,958	0	6,958	0
Total General Obligation Bonds	17,340,976	9,862,472	8,661,995	18,541,453	575,000
Sick Leave Benefits	740,663	13,128	16,558	737,233	0
Total Governmental Activities Long-Term Liabilities	\$18,081,639	\$9,875,600	\$8,678,553	\$19,278,686	\$575,000

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 15 - Long-Term Obligations (Continued)

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. These bonds were partially refunded in 2013.

On March 21, 2013, the School District issued refunding bonds of \$8,240,000 consisting of \$7,570,000 in serial bonds, \$420,000 in capital appreciation bonds, and \$250,000 in term bonds. The refunding bonds will mature on December 1, 2034. These bonds were issued to advance refund part of the 2006 School Building Construction Bonds. The advance refunded portion of the bonds, as well as the unamortized premium and discount of these advance refunded bonds, were removed from the financial statements of the School District. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$1,650,060. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the refunded bonds using the straight-line method. The amortization of this difference for 2013 was \$18,540. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$550,291. The issuance resulted in an economic gain of \$417,957. At the date of the refunding, \$9,696,706 (including underwriter fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2006 bonds. As of June 30, 2013, the entire amount of the refunded bonds is still outstanding, and the balance of the irrevocable trust account was \$9,499,562.

The current interest term bonds due December 1, 2028, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2025	\$645,000
2026	675,000
2027	705,000

The remaining principal amount of such current interest term bonds (\$735,000) will be paid at stated maturity on December 1, 2028.

The current interest term bonds maturing after December 1, 2017, are subject to redemption at the option of the School District, either in whole or in part, in such order of maturity as the School District shall determine, on any date on or after December 1, 2016, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The current interest term bonds due December 1, 2022, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 15 - Long-Term Obligations (Continued)

	Principal Amount
Year	to be Redeemed
2021	\$140,000

The remaining principal amount of such current interest term bonds (\$150,000) will be paid at stated maturity on December 1, 2023.

The current interest term bonds due December 1, 2024, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

	Principal Amount
Year	to be Redeemed
2023	\$155,000

The remaining principal amount of such current interest term bonds (\$160,000) will be paid at stated maturity on December 1, 2024.

The current interest term bonds due December 1, 2026, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

	Principal Amount
Year	to be Redeemed
2025	\$165,000

The remaining principal amount of such current interest term bonds (\$170,000) will be paid at stated maturity on December 1, 2026.

The current interest term bonds due December 1, 2029, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

	Principal Amount
Year	to be Redeemed
2027	\$180,000
2028	190,000

The remaining principal amount of such current interest term bonds (\$200,000) will be paid at stated maturity on December 1, 2029.

The current interest term bonds due December 1, 2034, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 15 - Long-Term Obligations (Continued)

	Principal Amount
Year	to be Redeemed
2030	\$210,000
2031	220,000
2032	230,000
2033	240,000

The remaining principal amount of such current interest term bonds (\$255,000) will be paid at stated maturity on December 1, 2034.

The current interest term bonds maturing on December 1, 2020 and thereafter are subject to redemption at the option of the School District, either in whole or in part, in such order of maturity as the School District shall determine, on any date on or after June 1, 2020, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The current interest term bonds due December 1, 2027, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

	Principal Amount
Year	to be Redeemed
2025	\$80,000
2026	85,000

The remaining principal amount of such current interest term bonds (\$85,000) will be paid at stated maturity on December 1, 2034.

The current interest term bonds maturing on December 1, 2021 and thereafter are subject to redemption at the option of the School District, either in whole or in part, in such order of maturity as the School District shall determine, on any date on or after June 1, 2021, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The capital appreciation bonds will mature in fiscal year 2025. The maturity amount of the bonds is \$2,840,000. For the fiscal year 2013, \$6,958 was accreted for a total bond value of \$426,958.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 15 - Long-Term Obligations (Continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2013, were as follows:

Fiscal Year Ending June 30,	Serial		Capital Appreciation		Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$575,000	\$365,403	\$0	\$0	\$0	\$215,300
2015	580,000	347,803	0	0	0	215,300
2016	595,000	329,646	0	0	0	215,300
2017	615,000	308,590	0	0	0	215,300
2018	685,000	285,590	0	0	0	215,300
2018-2023	2,285,000	1,084,308	245,000	1,175,000	290,000	1,066,098
2024-2028	0	960,125	175,000	1,245,000	3,105,000	807,242
2029-2033	4,240,000	648,780	0	0	1,050,000	260,000
2034-2035	1,890,000	61,913	0	0	495,000	25,125
	<u>\$11,465,000</u>	<u>\$4,392,158</u>	<u>\$420,000</u>	<u>\$2,420,000</u>	<u>\$4,940,000</u>	<u>\$3,234,965</u>

Repayment of debt issuances above are made from the Bond Retirement Fund.

The School District exceeded its overall debt limitation of \$12,710,369 by \$4,114,631. 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 \$141,226 at June 30, 2013.

Note 16 - Interfund Balances and Transfers

Interfund receivables and payables at June 30, 2013, 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	\$341,313	\$0
Title I Fund	0	341,313
Total All Funds	<u>\$341,313</u>	<u>\$341,313</u>

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

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 Pickaway, Jackson, Gallia, Vinton, 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 member school districts. The governing board of SCOCA consists of two representatives from each of the 11 participating counties and one representative from the fiscal agent. Ironton City School District paid \$91,111 for services provided during fiscal year 2013. 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 2013. 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.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

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.

The School District participates in the **Lawrence County Schools Council of Governments Health Benefits Program (Council)**, a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by a council, which consists of the superintendent from each participating school district. The council elects officers for one-year terms to serve on the Board of Directors. The council exercises control over the operation of the council. All council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. The Lawrence County Educational Service Center is the fiscal agent of the council. Each school district reserves the right to withdraw from the plan. If this is done, no further contributions will be made and the school district will be distributed their net pooled share and all claims submitted by covered members of the school district after the distribution will be exclusively the liability of the school district.

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 \$27,202 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.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

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 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 textbooks.

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

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	253,690
Offsets	(253,690)
Qualifying Disbursements	0
Total	\$0
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Reserve Balance as of June 30, 2013	\$0

Note 21 – Encumbrances

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at fiscal year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At fiscal year end, the School District’s commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General	\$47,151
Title I	314,070
Nonmajor Governmental Funds	63,090
Bond Retirement	17,150
Total	\$441,461

Note 22 - 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, 2013.

Ironton City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)

Note 22 – Contingencies (Continued)

B. Litigation

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

Note 23 - Noncompliance

2 C.F.R part 180 contains suspension and debarment requirements which implement Executive Orders 12549 and 12689. These requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 C.F.R. Section 180.220 of the government wide non-procurement debarment and suspension guidance contains those additional limited circumstances. All non-procurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

We noted during testing of the Title I Program, there were \$393,570 in purchases made that were over the \$25,000 limit and the EPLS database was not checked for the vendor, nor were quotes/bids obtained. Also, we noted \$27,381 in nonpayroll expenditures that were under the \$25,000 limit, in which no bids/quotes were received.

We noted during testing of the Special Education Program, there were \$169,211 in purchases made that were over the \$25,000 limit and the EPLS database was not checked for the vendor, nor were quotes/bids obtained. Also, we noted \$5,715 in nonpayroll expenditures that were under the \$25,000 limit, in which no bids/quotes were received.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2012/2013	10.555	\$ 13,240	\$ 13,240
Cash Assistance:				
School Breakfast Program	2012/2013	10.553	182,599	182,599
National School Lunch Program	2012/2013	10.555	331,117	331,117
Cash Assistance Subtotal			<u>513,716</u>	<u>513,716</u>
Total Child Nutrition Cluster			<u>526,956</u>	<u>526,956</u>
Total U.S. Department of Agriculture			526,956	526,956
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Cluster:				
Title I Grants to Local Educational Agencies	2012	84.010	355,635	324,057
	2013		634,161	661,403
Total Title I Grants to Local Educational Agencies			<u>989,796</u>	<u>985,460</u>
ARRA - Title I Grants to Local Educational Agencies	2012	84.389	187,591	178,803
Total Title I Cluster			1,177,387	1,164,263
Special Education Grants to States	2012	84.027	78,441	82,269
	2013		433,471	389,011
Total Special Education Grants to States			<u>511,912</u>	<u>471,280</u>
Education Technology State Grants	2012	84.318	6,148	6,874
Improving Teacher Quality State Grants	2012	84.367	38,725	36,983
	2013		153,350	146,139
Total Improving Teacher Quality State Grants			<u>192,075</u>	<u>183,122</u>
Race to the Top	2013	84.395	3,500	3,500
Education Jobs Fund	2012	84.410	88,489	89,784
Total U.S. Department of Education			<u>1,979,511</u>	<u>1,918,823</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 2,506,467</u>	<u>\$ 2,445,779</u>

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (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 AUDITOR'S 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 5th Street
Ironton, Ohio 45638

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 11, 2014, wherein we noted the School District has adopted the provisions of Governmental Accounting Standards Board Statement No. 63 and 65.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a misstatement of the School District's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of the Report

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

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Dave Yost
Auditor of State

Columbus, Ohio

February 11, 2014



Dave Yost • Auditor of State

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

Ironton City School District
Lawrence County
105 South 5th Street
Ironton, Ohio 45638

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Ironton City School District's, Lawrence County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Ironton City School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Title I and Special Education Programs

As described in Finding 2013-001 in the accompanying Schedule of Findings, the School District did not comply with the requirement regarding Procurement, Suspension, and Debarment applicable to its Title I and Special Education major federal programs. Compliance with this requirement is necessary, in our opinion, for the School District to comply with requirements applicable to these programs.

Qualified Opinion on Title I and Special Education Programs

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I and Special Education Programs* paragraph, the Ironton City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Title I and Special Education Programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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 material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2013-001 to be a material weakness.

The School District's response to our internal control over compliance finding 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.

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

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Dave Yost
Auditor of State

Columbus, Ohio

February 11, 2014

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**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified - Title I Grants to Local Educational Agencies: CFDA #84.010 Qualified – ARRA – Title I Grants to Local Educational Agencies: CFDA #84.389 Qualified - Special Education – Grants to States (IDEA, Part B): CFDA #84.027
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies: CFDA #84.010 Special Education – Grants to States (IDEA, Part B): CFDA #84.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2013-001
CFDA Title and Number	Title I Grants to Local Educational Agencies: CFDA #84.010 ARRA – Title I Grants to Local Educational Agencies: CFDA #84.389 Special Education – Grants to States (IDEA, Part B): CFDA #84.027
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Finding/Material Weakness – Procurement and Suspension and Debarment

2 C.F.R. part 180 contains suspension and debarment requirements which implement Executive Orders 12549 and 12689. These requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 C.F.R. Section 180.220 of the government wide non-procurement debarment and suspension guidance contains those additional limited circumstances. All non-procurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 C.F.R. Section 180.300).

In addition to the requirements above, federal procurement guidelines also state that price quotes should be obtained from an adequate number of sources for any type of small purchases (which are defined by the federal government as less than \$150,000 or the state's bidding threshold).

We noted during testing of the Title I Program, there were \$393,570 in purchases made that were over the \$25,000 limit and the EPLS database was not checked for the vendor, nor were quotes/bids obtained. Also, we noted \$27,381 in nonpayroll expenditures that were under the \$25,000 limit, in which no bids/quotes were received.

We noted during testing of the Special Education Program, there were \$169,211 in purchases made that were over the \$25,000 limit and the EPLS database was not checked for the vendor, nor were quotes/bids obtained. Also, we noted \$5,715 in nonpayroll expenditures that were under the \$25,000 limit, in which no bids/quotes were received.

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2013-001 (Continued)
CFDA Title and Number	Title I Grants to Local Educational Agencies: CFDA #84.010 ARRA – Title I Grants to Local Educational Agencies: CFDA #84.389 Special Education – Grants to States (IDEA, Part B): CFDA #84.027
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Finding/Material Weakness – Procurement and Suspension and Debarment (Continued)

Without obtaining quotes from an adequate number of sources, it would be difficult to determine if the School District received the best price for the services rendered or goods purchased. Also, by not checking the Excluded Party Listing, the School District could risk awarding a contract to a vendor which has been suspended or debarred.

We recommend the School District perform a search on the Excluded Parties List System before awarding any contracts with federal funds. We further recommend the School District establish procedures to perform a verification check for covered transactions, by checking the EPLS, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity whenever purchases are being made from federal grant funds.

Officials’ Response:

Prior to assigning a purchase order for purchases using Federal grant money, School District personnel do make it a practice to utilize the EPLS system to determine if the vendor has been suspended or debarred. In the future, screen shots of each search will be printed and filed to serve as documented evidence.

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**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-01	Ohio Rev. Code Section 5705.36(A)(4) Noncompliance Finding / Significant Deficiency regarding appropriations exceeding actual resources in Title I and Special Education Funds at June 30, 2012.	Yes	

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**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315(c)
JUNE 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	Prior to assigning a purchase order for purchases using Federal grant money, School District personnel do make it a practice to utilize the EPLS system to determine if the vendor has been suspended or debarred. In the future, screen shots of each search will be printed and filed to serve as documented evidence.	February 28, 2014	Patty Wade, School District Treasurer

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INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Ironton City School District
Lawrence County
105 South 5th 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 the Ironton City School District (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 amended its anti-harassment policy at its meeting on November 18, 2013 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

Ohio Rev. Code Section 3313.66 required the Board to amend its policy by November 4, 2012.

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".

Dave Yost
Auditor of State

Columbus, Ohio

February 11, 2014

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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
MARCH 4, 2014**