



**CITY OF IRONTON
LAWRENCE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF IRONTON
LAWRENCE COUNTY
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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Ironton, Lawrence County, Ohio (the City), as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Ironton, Lawrence County, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2000, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Jim Petro
Auditor of State

October 27, 2000

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THE CITY OF IRONTON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$737,050	\$962,029	\$69,539	\$33,565
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	493,590	217,599	0	0
Accounts	6,024	267	0	0
Special Assessments	0	0	34,246	0
Interest	0	0	0	0
Loans	0	354,523	0	0
Due from Other Funds	111,926	3,748	0	0
Intergovernmental Receivables	76,664	31,037	0	13,660
Inventory of Supplies at Cost	0	9,418	0	0
Prepaid Items	15,002	2,321	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$1,440,256</u>	<u>\$1,580,942</u>	<u>\$103,785</u>	<u>\$47,225</u>

THE CITY OF IRONTON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$2,132,420	\$34,112	\$69,407	\$0	\$0	\$4,038,122
135,551	0	0	0	0	135,551
0	0	0	0	0	711,189
463,069	0	4,000	0	0	473,360
0	0	0	0	0	34,246
338	0	0	0	0	338
0	0	0	0	0	354,523
0	0	0	0	0	115,674
0	0	0	0	0	121,361
125,184	0	0	0	0	134,602
11,425	0	0	0	0	28,748
12,598,576	0	0	7,912,594	0	20,511,170
0	0	0	0	91,924	91,924
0	0	0	0	3,252,604	3,252,604
<u>\$15,466,563</u>	<u>\$34,112</u>	<u>\$73,407</u>	<u>\$7,912,594</u>	<u>\$3,344,528</u>	<u>\$30,003,412</u>

(Continued)

THE CITY OF IRONTON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$16,242	\$12,144	\$0	\$5,382
Accrued Wages and Benefits	136,564	27,428	0	0
Intergovernmental Payables	4,380	50	0	0
Due to Other Funds	0	94,256	0	0
Due to Others	0	0	0	0
Accrued Interest Payable	571	0	0	2,565
Deferred Revenue	281,948	570,877	11,861	0
Compensated Absences Payable	0	0	0	0
Capital Lease Payable	0	0	0	0
General Obligation Notes Payable	100,000	0	0	90,000
General Installment Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Bonds Payable	0	0	0	0
Ohio Water Development Authority Loan Payable	0	0	0	0
Long-Term Obligation Payable	0	0	0	0
Police/Fire Accrued Pension Liability	0	0	0	0
Total Liabilities	539,705	704,755	11,861	97,947
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	55,701	16,117	0	0
Reserved for Supplies Inventory	0	9,418	0	0
Reserved for Prepaid Items	15,002	2,321	0	0
Reserved for Debt Service	0	0	91,924	0
Unreserved	829,848	848,331	0	(50,722)
Total Equity and Other Credits	900,551	876,187	91,924	(50,722)
Total Liabilities, Equity and Other Credits	\$1,440,256	\$1,580,942	\$103,785	\$47,225

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

THE CITY OF IRONTON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$83,700	\$7,643	\$0	\$0	\$0	\$125,111
54,424	0	0	0	0	218,416
0	0	5,851	0	0	10,281
0	0	21,418	0	0	115,674
0	0	31,746	0	0	31,746
1,048	0	0	0	0	4,184
0	0	0	0	0	864,686
142,120	0	0	0	335,464	477,584
4,874	0	0	0	60,186	65,060
0	0	0	0	0	190,000
33,039	0	0	0	651,265	684,304
0	0	0	0	1,425,000	1,425,000
0	0	0	0	225,000	225,000
6,744,145	0	0	0	0	6,744,145
0	0	0	0	114,540	114,540
0	0	0	0	533,073	533,073
<u>7,063,350</u>	<u>7,643</u>	<u>59,015</u>	<u>0</u>	<u>3,344,528</u>	<u>11,828,804</u>
0	0	0	7,912,594	0	7,912,594
8,403,213	26,469	0	0	0	8,429,682
0	0	15,695	0	0	87,513
0	0	0	0	0	9,418
0	0	0	0	0	17,323
0	0	0	0	0	91,924
0	0	(1,303)	0	0	1,626,154
<u>8,403,213</u>	<u>26,469</u>	<u>14,392</u>	<u>7,912,594</u>	<u>0</u>	<u>18,174,608</u>
<u>\$15,466,563</u>	<u>\$34,112</u>	<u>\$73,407</u>	<u>\$7,912,594</u>	<u>\$3,344,528</u>	<u>\$30,003,412</u>

THE CITY OF IRONTON, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds		Expensible Trust Funds
Revenues:						
Taxes	\$2,152,220	\$502,088	\$0	\$0	\$0	\$2,654,308
Intergovernmental Revenues	761,619	825,654	0	29,002	0	1,616,275
Charges for Services	42,850	424,921	0	0	0	467,771
Licenses and Permits	33,840	48,409	0	0	0	82,249
Investment Earnings	20,528	45,037	8,409	2,962	0	76,936
Special Assessments	0	0	92,513	0	0	92,513
Fines and Forfeitures	273,334	53,298	0	0	0	326,632
All Other Revenues	63,949	100,642	0	0	8,109	172,700
Total Revenues	<u>3,348,340</u>	<u>2,000,049</u>	<u>100,922</u>	<u>31,964</u>	<u>8,109</u>	<u>5,489,384</u>
Expenditures:						
Current:						
Security of Persons and Property	1,832,781	326,283	0	0	0	2,159,064
Public Health and Welfare Services	0	203,872	0	0	0	203,872
Leisure Time Activities	0	58,936	0	0	0	58,936
Community Environment	0	575,305	0	0	0	575,305
Transportation	40,385	507,057	0	0	0	547,442
General Government	1,182,462	30,904	0	0	0	1,213,366
Other Expenditures	0	9,762	0	0	11,260	21,022
Capital Outlay	0	23,500	0	130,871	0	154,371
Debt Service:						
Principal Retirements	47,915	80,951	150,000	0	0	278,866
Interest and Fiscal Charges	12,649	41,976	106,021	2,565	0	163,211
Total Expenditures	<u>3,116,192</u>	<u>1,858,546</u>	<u>256,021</u>	<u>133,436</u>	<u>11,260</u>	<u>5,375,455</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	232,148	141,503	(155,099)	(101,472)	(3,151)	113,929
Other Financing Sources (Uses):						
Proceeds from General Installment Loans	19,830	0	0	0	0	19,830
Operating Transfers In	828,881	235,619	612,450	0	0	1,676,950
Operating Transfers Out	(722,747)	(380,483)	(473,457)	(6,487)	(1,790)	(1,584,964)
Other Financing Sources	0	32,393	0	0	17,179	49,572
Other Financing Sources - Capital Leases	8,958	0	0	0	0	8,958
Total Other Financing Sources (Uses)	<u>134,922</u>	<u>(112,471)</u>	<u>138,993</u>	<u>(6,487)</u>	<u>15,389</u>	<u>170,346</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	367,070	29,032	(16,106)	(107,959)	12,238	284,275
Fund Balance Beginning of Year	533,481	846,172	108,030	57,237	2,154	1,547,074
Increase in Inventory Reserve	0	983	0	0	0	983
Fund Balance (Deficit) End of Year	<u>\$900,551</u>	<u>\$876,187</u>	<u>\$91,924</u>	<u>(\$50,722)</u>	<u>\$14,392</u>	<u>\$1,832,332</u>

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

THE CITY OF IRONTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$2,090,926	\$2,175,461	\$84,535	\$476,264	\$502,313	\$26,049
Intergovernmental Revenues	739,088	736,821	(2,267)	1,899,067	812,245	(1,086,822)
Charges for Services	40,455	41,359	904	421,127	424,921	3,794
Licenses and Permits	33,522	33,760	238	46,355	48,409	2,054
Investment Earnings	20,900	20,528	(372)	24,987	25,391	404
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	270,034	270,571	537	52,889	52,889	0
All Other Revenues	61,133	61,138	5	3,697	5,447	1,750
Total Revenues	<u>3,256,058</u>	<u>3,339,638</u>	<u>83,580</u>	<u>2,924,386</u>	<u>1,871,615</u>	<u>(1,052,771)</u>
Expenditures:						
Current:						
Security of Persons and Property	1,872,266	1,844,548	27,718	786,301	778,718	7,583
Public Health and Welfare Services	0	0	0	211,065	204,759	6,306
Leisure Time Activities	0	0	0	64,788	59,303	5,485
Community Environment	21,344	0	21,344	1,691,600	541,409	1,150,191
Transportation	40,624	40,397	227	554,585	540,165	14,420
General Government	1,427,383	1,298,827	128,556	105,000	39,055	65,945
Other Expenditures	0	0	0	72,003	9,762	62,241
Capital Outlay	0	0	0	28,918	23,500	5,418
Debt Service:						
Principal Retirement	83,156	82,915	241	80,951	80,951	0
Interest and Fiscal Charges	85,563	85,553	10	45,827	45,826	1
Total Expenditures	<u>3,530,336</u>	<u>3,352,240</u>	<u>178,096</u>	<u>3,641,038</u>	<u>2,323,448</u>	<u>1,317,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(274,278)	(12,602)	261,676	(716,652)	(451,833)	264,819
Other Financing Sources (Uses):						
Proceeds from General Installment Loans	19,830	19,830	0	0	0	0
Operating Transfers In	936,895	936,896	1	235,619	235,619	0
Operating Transfers Out	(725,619)	(722,747)	2,872	(376,633)	(376,633)	0
Advances In	0	0	0	42,295	42,295	0
Advances Out	(42,295)	(42,295)	0	0	0	0
Other Financing Sources	0	0	0	32,119	32,393	274
Total Other Financing Sources (Uses)	<u>188,811</u>	<u>191,684</u>	<u>2,873</u>	<u>(66,600)</u>	<u>(66,326)</u>	<u>274</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(85,467)	179,082	264,549	(783,252)	(518,159)	265,093
Fund Balance at Beginning of Year	401,581	401,581	0	713,094	713,094	0
Prior Year Encumbrances	100,686	100,686	0	476,846	476,846	0
Fund Balance at End of Year	<u>\$416,800</u>	<u>\$681,349</u>	<u>\$264,549</u>	<u>\$406,688</u>	<u>\$671,781</u>	<u>\$265,093</u>

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

(Continued)

THE CITY OF IRONTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	47,388	15,342	(32,046)
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Investment Earnings	7,850	8,409	559	2,995	2,962	(33)
Special Assessments	92,513	92,513	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
All Other Revenues	0	0	0	0	0	0
Total Revenues	100,363	100,922	559	50,383	18,304	(32,079)
Expenditures:						
Current:						
Security of Persons and Property	0	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
General Government	0	0	0	0	0	0
Other Expenditures	0	0	0	0	0	0
Capital Outlay	0	0	0	194,323	133,145	61,178
Debt Service:						
Principal Retirement	115,000	115,000	0	100,000	100,000	0
Interest and Fiscal Charges	30,850	29,156	1,694	0	0	0
Total Expenditures	145,850	144,156	1,694	294,323	233,145	61,178
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,487)	(43,234)	2,253	(243,940)	(214,841)	29,099
Other Financing Sources (Uses):						
Proceeds from General Installment Loans	0	0	0	190,000	190,000	0
Operating Transfers In	503,457	500,585	(2,872)	0	0	0
Operating Transfers Out	(473,457)	(473,457)	0	(6,487)	(6,487)	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
Total Other Financing Sources (Uses)	30,000	27,128	(2,872)	183,513	183,513	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(15,487)	(16,106)	(619)	(60,427)	(31,328)	29,099
Fund Balance at Beginning of Year	85,645	85,645	0	57,237	57,237	0
Prior Year Encumbrances	0	0	0	7,656	7,656	0
Fund Balance at End of Year	<u>\$70,158</u>	<u>\$69,539</u>	<u>(\$619)</u>	<u>\$4,466</u>	<u>\$33,565</u>	<u>\$29,099</u>

(Continued)

THE CITY OF IRONTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Expendable Trust Funds</i>			<i>Totals (Memorandum Only)</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$0	\$0	\$0	\$2,567,190	\$2,677,774	\$110,584
Intergovernmental Revenues	0	0	0	2,685,543	1,564,408	(1,121,135)
Charges for Services	0	0	0	461,582	466,280	4,698
Licenses and Permits	0	0	0	79,877	82,169	2,292
Investment Earnings	0	0	0	56,732	57,290	558
Special Assessments	0	0	0	92,513	92,513	0
Fines and Forfeitures	0	0	0	322,923	323,460	537
All Other Revenues	4,108	4,109	1	68,938	70,694	1,756
Total Revenues	4,108	4,109	1	6,335,298	5,334,588	(1,000,710)
Expenditures:						
Current:						
Security of Persons and Property	0	0	0	2,658,567	2,623,266	35,301
Public Health and Welfare Services	0	0	0	211,065	204,759	6,306
Leisure Time Activities	0	0	0	64,788	59,303	5,485
Community Environment	0	0	0	1,712,944	541,409	1,171,535
Transportation	0	0	0	595,209	580,562	14,647
General Government	0	0	0	1,532,383	1,337,882	194,501
Other Expenditures	31,104	31,104	0	103,107	40,866	62,241
Capital Outlay	0	0	0	223,241	156,645	66,596
Debt Service:						
Principal Retirement	0	0	0	379,107	378,866	241
Interest and Fiscal Charges	0	0	0	162,240	160,535	1,705
Total Expenditures	31,104	31,104	0	7,642,651	6,084,093	1,558,558
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,996)	(26,995)	1	(1,307,353)	(749,505)	557,848
Other Financing Sources (Uses):						
Proceeds from General Installment Loans	0	0	0	209,830	209,830	0
Operating Transfers In	0	0	0	1,675,971	1,673,100	(2,871)
Operating Transfers Out	(1,790)	(1,790)	0	(1,583,986)	(1,581,114)	2,872
Advances In	0	0	0	42,295	42,295	0
Advances Out	0	0	0	(42,295)	(42,295)	0
Other Financing Sources	17,179	17,179	0	49,298	49,572	274
Total Other Financing Sources (Uses)	15,389	15,389	0	351,113	351,388	275
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(11,607)	(11,606)	1	(956,240)	(398,117)	558,123
Fund Balance at Beginning of Year	2,154	2,154	0	1,259,711	1,259,711	0
Prior Year Encumbrances	10,000	10,000	0	595,188	595,188	0
Fund Balance at End of Year	\$547	\$548	\$1	\$898,659	\$1,456,782	\$558,123

THE CITY OF IRONTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Revenues:</u>			
Charges for Services	\$3,506,112	\$0	\$3,506,112
Other Operating Revenues	0	88,886	88,886
Total Operating Revenues	<u>3,506,112</u>	<u>88,886</u>	<u>3,594,998</u>
<u>Operating Expenses:</u>			
Personal Services	1,330,125	0	1,330,125
Materials and Supplies	255,091	0	255,091
Contractual Services	253,893	0	253,893
Utilities	118,810	0	118,810
Depreciation	463,828	0	463,828
Other Operating Expenses	224,380	87,779	312,159
Total Operating Expenses	<u>2,646,127</u>	<u>87,779</u>	<u>2,733,906</u>
Operating Income	859,985	1,107	861,092
<u>Nonoperating Revenues (Expenses):</u>			
Loss on Sale of Fixed Assets	(94)	0	(94)
Investment Earnings	65,263	0	65,263
Interest and Fiscal Charges	(283,198)	0	(283,198)
Other Nonoperating Revenue	13,862	0	13,862
Other Nonoperating Expenses	(20,000)	0	(20,000)
Total Nonoperating Revenues (Expenses)	<u>(224,167)</u>	<u>0</u>	<u>(224,167)</u>
Income Before Operating Transfers	635,818	1,107	636,925
<u>Operating Transfers:</u>			
Operating Transfers Out	(91,986)	0	(91,986)
Total Operating Transfers	<u>(91,986)</u>	<u>0</u>	<u>(91,986)</u>
Net Income	543,832	1,107	544,939
Retained Earnings at Beginning of Year	<u>7,859,381</u>	<u>25,362</u>	<u>7,884,743</u>
Retained Earnings at End of Year	<u><u>\$8,403,213</u></u>	<u><u>\$26,469</u></u>	<u><u>\$8,429,682</u></u>

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

THE CITY OF IRONTON OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Totals (Memorandum Only)</u>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,542,410	\$88,886	\$3,631,296
Cash Payments for Goods and Services	(877,398)	(87,370)	(964,768)
Cash Payments to Employees	<u>(1,343,854)</u>	<u>0</u>	<u>(1,343,854)</u>
Net Cash Provided by Operating Activities	<u>1,321,158</u>	<u>1,516</u>	<u>1,322,674</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	<u>(91,986)</u>	<u>0</u>	<u>(91,986)</u>
Net Cash Used for Noncapital Financing Activities	<u>(91,986)</u>	<u>0</u>	<u>(91,986)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(96,428)	0	(96,428)
Proceeds from Issuance of Installment Loans	18,170	0	18,170
Principal Installment Loan Retirement	(42,787)	0	(42,787)
Principal Paid on Ohio Water Development Authority Loans	(360,294)	0	(360,294)
Principal Paid on Capital Lease	(3,247)	0	(3,247)
Interest Paid on All Debt	<u>(284,567)</u>	<u>0</u>	<u>(284,567)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(769,153)</u>	<u>0</u>	<u>(769,153)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	<u>68,347</u>	<u>0</u>	<u>68,347</u>
Net Cash Provided by Investing Activities	<u>68,347</u>	<u>0</u>	<u>68,347</u>
Net Increase in Cash and Cash Equivalents	528,366	1,516	529,882
Cash and Cash Equivalents at Beginning of Year	<u>1,604,054</u>	<u>32,596</u>	<u>1,636,650</u>
Cash and Cash Equivalents at End of Year	<u><u>\$2,132,420</u></u>	<u><u>\$34,112</u></u>	<u><u>\$2,166,532</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$859,985	\$1,107	\$861,092
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	463,828	0	463,828
Miscellaneous Nonoperating Revenue	11,310	0	11,310
Miscellaneous Nonoperating Expense	(20,000)	0	(20,000)
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	24,988	0	24,988
Increase in Inventory	(6,142)	0	(6,142)
Decrease in Prepaid Items	940	0	940
Increase (Decrease) in Accounts Payable	(22)	409	387
Decrease in Accrued Wages and Benefits	(40,662)	0	(40,662)
Increase in Compensated Absences	<u>26,933</u>	<u>0</u>	<u>26,933</u>
Total Adjustments	<u>461,173</u>	<u>409</u>	<u>461,582</u>
Net Cash Provided by Operating Activities	<u><u>\$1,321,158</u></u>	<u><u>\$1,516</u></u>	<u><u>\$1,322,674</u></u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 1999 the Water and Sewer Funds had outstanding liabilities of \$2,135 and \$16,883 respectively for the purchase of certain capital assets.

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

THE CITY OF IRONTON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 1999 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying general purpose financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

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

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City maintains separate enterprise funds for its water, sewer and sanitation (refuse collection) services.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

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

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

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

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

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

C. Basis of Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

D. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. Estimated Resources (Continued)

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

3. Appropriations

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

The City's budgetary process accounts for the City's transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservation of fund balance (GAAP basis).

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Expendable Trust Funds
GAAP Basis (as reported)	\$367,070	\$29,032	(\$16,106)	(\$107,959)	\$12,238
Increase (Decrease):					
Accrued Revenues at December 31, 1999 received during 2000	(406,256)	(36,297)	(22,385)	(13,660)	(4,000)
Accrued Revenues at December 31, 1998 received during 1999	355,259	22,507	22,385	0	0
Accrued Expenditures at December 31, 1999 paid during 2000	157,757	133,878	0	7,947	5,851
Accrued Expenditures at December 31, 1998 paid during 1999	(241,234)	(571,247)	0	(7,656)	(10,000)
1998 Prepays for 1999	17,189	3,154	0	0	0
1999 Prepays for 2000	(15,002)	(2,321)	0	0	0
Note Proceeds	100,000	0	0	90,000	0
Note Retirement	(100,000)	0	0	0	0
Entity Difference-CDBG Loan	0	(80,748)	0	0	0
Outstanding Encumbrances	(55,701)	(16,117)	0	0	(15,695)
Budget Basis	<u>\$179,082</u>	<u>(\$518,159)</u>	<u>(\$16,106)</u>	<u>(\$31,328)</u>	<u>(\$11,606)</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

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

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

F. Investments

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

G. Inventory

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

H. Fixed Assets and Depreciation

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

1. Property, Plant and Equipment-General Governmental Purposes

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Funds

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

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

I. Long-Term Obligations

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

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

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

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

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

K. Pensions

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

L. Interfund Transactions

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

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. The City did not perform any residual equity transfers in 1999.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Reservations of Fund Balance

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

N. Total Columns on Combined Financial Statements - Overview

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

O. Receivables and Payables

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

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 1999 of \$95,281 in the COPS Fast Grant Fund (special revenue fund) and \$65,917 in the Fire Construction Fund (capital projects fund) were caused by the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the budgetary basis of accounting. Operating transfers are provided when cash is required, not when accruals occur.

NOTE 3 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Category 1 consists of "active" funds - those funds required to be held in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the city treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

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

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

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

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

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

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

Deposits:

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

Investments:

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

A. Deposits

At year end, the carrying value of the City's deposits was \$4,173,673 and the bank balance was \$4,021,382. Of the bank balance, \$395,892 was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining deposits were classified as Category 3.

B. Reconciliation of Cash, Cash Equivalents and Investments

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

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

	Cash and Cash Equivalents	Investments
Per Combined Balance Sheet	\$4,038,122	\$135,551
Certificates of Deposit (with maturities of more than 3 months)	135,551	(135,551)
Per GASB Statement No. 3	\$4,173,673	\$0

NOTE 4 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 1998. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Ironton. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 1999 was \$4.28 per \$1,000 of assessed value. The assessed value upon which the 1999 levy was based was \$124,946,330. This amount constitutes \$95,362,590 in real property assessed value, \$8,726,560 in public utility assessed value and \$20,857,180 in tangible personal property assessed value. Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .428% (4.28 mills) of assessed value.

B. Income Tax

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

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

NOTE 5 - RECEIVABLES

Receivables at December 31, 1999 consisted of taxes, interest, loans, intergovernmental, interfund, special assessments and accounts receivables.

NOTE 6 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 1999:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$828,881	\$722,747
Special Revenue Funds:		
Flood Fund	11,300	0
Swimming Pool Fund	10,000	0
Street Fund	127,319	0
Health Fund	87,000	0
Fire Fee Fund	0	144,850
Rebate Escrow Fund	0	<u>235,633</u>
Total Special Revenue Funds	235,619	380,483
Debt Service Funds:		
Special Assessment Escrow Fund	0	13,457
Local Government Fund	<u>612,450</u>	<u>460,000</u>
Total Debt Service Funds	612,450	473,457
Capital Projects Fund:		
Phase II Renovation Fund	0	6,487
Expendable Trust Fund:		
Unclaimed Monies Fund	0	1,790
Enterprise Funds:		
Water Fund	0	5,650
Sewer Fund	<u>0</u>	<u>86,336</u>
Total Enterprise Funds	<u>0</u>	<u>91,986</u>
Total All Funds	<u><u>\$1,676,950</u></u>	<u><u>\$1,676,950</u></u>

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES

Following is a summary of interfund receivables/payables for all funds at December 31, 1999:

	Due From Other Funds	Due To Other Funds
General Fund	\$111,926	\$0
Special Revenue Funds:		
Indigent DUI Fund	670	0
COPS Fast Grant Fund	0	94,256
Municipal Court Computer Fund	<u>3,078</u>	<u>0</u>
Total Special Revenue Funds	3,748	94,256
Agency Fund:		
Municipal Court Fund	<u>0</u>	<u>21,418</u>
Totals	<u>\$115,674</u>	<u>\$115,674</u>

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets:

Category	December 31, 1998	Additions	Deletions	December 31, 1999
Land	\$837,804	\$36,935	\$0	\$874,739
Buildings	1,423,178	0	0	1,423,178
Land Improvements	3,573,879	0	0	3,573,879
Machinery and Equipment	<u>1,532,787</u>	<u>574,368</u>	<u>(66,357)</u>	<u>2,040,798</u>
Totals	<u>\$7,367,648</u>	<u>\$611,303</u>	<u>(\$66,357)</u>	<u>\$7,912,594</u>

Schedule of General Fixed Assets at December 31, 1999:

General Fixed Assets	Investment in General Fixed Assets	
Land	\$874,739	
Buildings	1,423,178	General Fund
Land Improvements	3,573,879	Special Revenue Funds
Machinery and Equipment	<u>2,040,798</u>	Enterprise Funds
Total	<u>\$7,912,594</u>	<u>13,962</u>
		Total
		<u>\$7,912,594</u>

NOTE 8 - FIXED ASSETS (Continued)

B. Proprietary Fixed Assets

Summary by Category at December 31, 1999:

<u>Category</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$44,773	\$0	\$44,773
Land Improvements	6,518,141	(906,777)	5,611,364
Buildings and Improvements	8,816,715	(3,806,434)	5,010,281
Machinery and Equipment	<u>4,250,080</u>	<u>(2,317,922)</u>	<u>1,932,158</u>
Property, Plant and Equipment	<u>\$19,629,709</u>	<u>(\$7,031,133)</u>	<u>\$12,598,576</u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

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

The following information was provided by the PERS of Ohio to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 1999 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.35% to fund the pension and 4.2% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 1999, 1998 and 1997 were \$299,799, \$275,216 and \$263,611, respectively, which were equal to the required contributions for each year.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 1999 employer contribution rate (identified above) that was used to fund health care for the year 1999 was 4.2% of covered payroll which amounted to \$92,927.

Other Postemployment Benefits (OPEB) are financed through employer contributions and investment earnings thereon. Funding and accounting were on a pay-as-you-go basis. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for other postemployment benefits during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 1999, 1998 and 1997 were \$122,309, \$114,211 and \$102,033 for police and \$127,035, \$119,325 and \$93,779 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 1999 covered payroll that was used to fund postemployment health care benefits was \$41,579 representing 7.00% of covered payroll for police and \$37,052 representing 7.00% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 1998, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 11,424 for police and 9,186 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1998 were \$78,596,790, which was net of member contributions of \$5,331,515.

NOTE 10 - COMPENSATED ABSENCES

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

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

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

NOTE 10 - COMPENSATED ABSENCES (Continued)

At December 31, 1999, the total liability for accumulated unpaid compensated absences recorded in the General Long-Term Obligations Account Group was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	21,400	\$252,000
Vacation / Compensatory Time	<u>7,190</u>	<u>83,464</u>
Total	<u>28,590</u>	<u>\$335,464</u>

In addition, the accrued liability for accumulated unpaid compensated absences recorded in the enterprise funds increased \$26,933 from a beginning year balance of \$115,187 to an ending year balance of \$142,120.

NOTE 11 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities required if the bonds had been issued at the expiration of the initial five year period. The following general obligation notes were payable at December 31, 1999:

	<u>Balance January 1, 1999</u>	<u>Issued (Retired)</u>	<u>Balance December 31, 1999</u>
General Fund:			
3.85% Real Estate Acquisition and Improvement	\$100,000	(\$100,000)	\$0
4.57% Real Estate Acquisition and Improvement	<u>0</u>	<u>100,000</u>	<u>100,000</u>
Total General Fund	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Capital Projects Funds:			
4.24% Fire Department Building Improvement	<u>0</u>	<u>90,000</u>	<u>90,000</u>
Total Notes Payable	<u>\$100,000</u>	<u>\$90,000</u>	<u>\$190,000</u>

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

NOTE 12 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 1999 were as follows:

			Balance December 31, 1998	Issued (Retired)	Balance December 31, 1999
Enterprise Funds:					
Installment Loans :					
5.75%	Computer Equipment (75%)	1999	\$9,501	(\$9,501)	\$0
5.75%	Wastewater Truck	2000	48,155	(31,646)	16,509
4.50%	Equipment Acquisition (48%)	2004	0	18,170	
				(1,640)	16,530
	Total Enterprise Installment Loans		<u>57,656</u>	<u>(24,617)</u>	<u>33,039</u>
	O.W.D.A. Loans		7,104,439	(360,294)	6,744,145
	Capital Leases		<u>8,121</u>	<u>(3,247)</u>	<u>4,874</u>
	Total Enterprise Long-Term Debt and Other Long-Term Obligations		<u><u>\$7,170,216</u></u>	<u><u>(\$388,158)</u></u>	<u><u>\$6,782,058</u></u>
General Long-Term Debt:					
General Obligation Bond:					
4.10%	Building Improvement	2022	\$1,460,000	(\$35,000)	\$1,425,000
Special Assessment Bond:					
7.75%	Street Assessment	2001	340,000	(115,000)	225,000
Long-Term Obligations:					
	Community Action Organization Loan		253,000	28,740	
				(167,200)	114,540
	Total Long-Term Obligations		<u>253,000</u>	<u>(138,460)</u>	<u>114,540</u>
Installment Loans :					
5.75%	Computer Equipment (25%)	1999	3,338	(3,338)	0
5.00%	Equipment Acquisition	2001	45,917	(14,565)	31,352
5.25%	Fire Equipment Acquisition	2008	578,000	(57,800)	520,200
4.37%	Equipment Acquisition	2003	100,000	(18,327)	81,673
4.50%	Equipment Acquisition (52%)	2004	0	19,830	
				(1,790)	18,040
	Total Installment Loans		<u>727,255</u>	<u>(75,990)</u>	<u>651,265</u>
	Total General Long-Term Debt		<u>2,780,255</u>	<u>(364,450)</u>	<u>2,415,805</u>
Other Long-Term Obligations:					
	Compensated Absences		303,840	31,624	335,464
	Capital Leases		77,895	8,958	
				(26,667)	60,186
	Police/Fire Accrued Pension Liability		<u>539,452</u>	<u>(6,379)</u>	<u>533,073</u>
	Total Other Long-Term Obligations		<u>921,187</u>	<u>7,536</u>	<u>928,723</u>
	Total General Long-Term Debt and Other Long-Term Obligations		<u><u>\$3,701,442</u></u>	<u><u>(\$356,914)</u></u>	<u><u>\$3,344,528</u></u>

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's Special Assessment Debt outstanding at December 31, 1999, \$225,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$55,088 in the Local Government Fund at December 31, 1999 is reserved for the retirement of outstanding special assessment bonds.

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 1999, follows:

Years	General Obligation Bond		Special Assessment Bond		OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$35,000	\$75,385	\$115,000	\$17,437	\$378,103	\$263,473
2001	35,000	73,863	110,000	8,525	397,243	244,333
2002	35,000	72,323	0	0	417,831	223,745
2003	40,000	70,748	0	0	439,992	201,584
2004	40,000	68,908	0	0	463,865	177,711
2005-2009	235,000	313,197	0	0	2,067,748	489,016
2010-2014	305,000	245,025	0	0	1,376,030	203,985
2015-2035	700,000	184,800	0	0	1,203,333	60,678
Totals	<u>\$1,425,000</u>	<u>\$1,104,249</u>	<u>\$225,000</u>	<u>\$25,962</u>	<u>\$6,744,145</u>	<u>\$1,864,525</u>

Years	Police/Fire Accrued Pension Liability		Capital Leases		Installment Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$6,652	\$22,586	\$20,383	\$2,499	\$115,826	\$34,399
2001	6,939	22,300	15,345	1,229	101,240	28,966
2002	7,236	22,002	10,006	822	86,391	23,918
2003	7,546	21,691	9,526	556	87,656	19,621
2004	7,870	21,367	9,800	282	61,991	15,267
2005-2009	44,729	101,463	0	0	231,200	30,346
2010-2014	55,194	90,996	0	0	0	0
2015-2035	396,907	201,173	0	0	0	0
Totals	<u>\$533,073</u>	<u>\$503,578</u>	<u>\$65,060</u>	<u>\$5,388</u>	<u>\$684,304</u>	<u>\$152,517</u>

A. Police and Firemen's Pension Fund

The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 1999 was \$1,036,651 in principal and interest payments through the year 2035. Only the principal amount of \$533,073 is included in the General Long Term Obligations Account Group.

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

B. Community Action Organization Loan

During 1998, the City entered into a long-term obligation with the Community Action Organization of Lawrence County. The loan was for the purchase of land to be used by the City at a future time. The original amount of the loan was for \$300,000. As of December 31, 1999, \$185,460 in principal has been paid towards the balance of the loan. The City has the option of either paying more on the principal of the loan during the next ten years or waiting ten years and paying the balance due at the end of the ten-year period. The principal amount due of \$114,540 is included in the General Long-Term Obligations Account Group.

NOTE 13 - CAPITAL LEASES

The City is obligated under several leases for office equipment and machinery accounted for as capital leases. The cost of all equipment except the mail machine is accounted for in the General Fixed Assets Account Group and in the General Long-Term Obligations Account Group. The mail machine is accounted for in the General, Water, Sewer and Sanitation Funds and in the General Fixed Assets Account Group. The original cost of all equipment under capital leases totals \$162,855.

The following is a schedule of the future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of December 31, 1999.

<u>Year Ending December 31,</u>	<u>Enterprise Funds</u>	<u>General Long-Term Obligations Account Group</u>	<u>Totals</u>
2000	\$4,394	\$18,488	\$22,882
2001	1,099	15,475	16,574
2002	0	10,828	10,828
2003	0	10,082	10,082
2004	<u>0</u>	<u>10,082</u>	<u>10,082</u>
Minimum Lease Payments	5,493	64,955	70,448
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(619)</u>	<u>(4,769)</u>	<u>(5,388)</u>
Present value of minimum lease payments	<u>\$4,874</u>	<u>\$60,186</u>	<u>\$65,060</u>

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City which are financed primarily by user charges are water treatment and distribution and wastewater collection and treatment. The key financial information for the year ended December 31, 1999 for these enterprise activities is as follows:

	Water	Sewer	Sanitation	Total
Operating Revenues	\$1,775,723	\$1,098,451	\$631,938	\$3,506,112
Depreciation	193,394	241,756	28,678	463,828
Operating Income (Loss)	577,129	307,804	(24,948)	859,985
Operating Transfers Out	5,650	86,336	0	91,986
Net Income (Loss)	501,197	77,891	(35,256)	543,832
Property, Plant and Equipment:				
Additions	46,250	69,196	0	115,446
Deletions	4,247	1,500	49,570	55,317
Assets	7,815,578	7,249,616	401,369	15,466,563
Net Working Capital	1,468,235	1,004,296	256,284	2,728,815
Ohio Water Development Authority and Installment Loans Payable	4,962,762	1,814,422	0	6,777,184
Total Equity	2,771,977	5,341,785	289,451	8,403,213

NOTE 15 - RISK MANAGEMENT

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

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

The City of Ironton obtained insurance coverage from the Pool for years 1998 - 1999 for losses related to liability, property, and automobile.

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

NOTE 15 - RISK MANAGEMENT (Continued)

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

<u>Coverage</u>		
Comprehensive General Liability	\$1,000,000	per occurrence
Property	\$1,000,000	per occurrence
Automobile Liability	\$1,000,000	per occurrence

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

Each participant makes an annual "contribution" to the Pool for the coverage they are provided, based on rates established by the Pool, using anticipated and actual results of operation for the various coverages provided. Participants are also charged for a "surplus contribution" that is used to build the Pool's retained earning account to fund the activities of the Pool. During 1999, the City of Ironton made contributions and surplus contributions to the Pool in the amounts of \$54,195 and \$5,756, respectively.

Treaty basis casualty excess of loss contracts in force at December 31, 1999 currently protects the Pool against individual losses over \$150,000. From 1992 to 1993, the Pool was generally reinsured for casualty losses in excess of \$200,000.

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

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

The City of Ironton carried commercial (or maintained self-insurance) insurance coverage for the years 1998 - 1999 for all other risks, including health insurance and pays unemployment claims to the State of Ohio as incurred.

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

NOTE 16 - CONSTRUCTION COMMITMENTS

The City had the following contractual commitment at December 31, 1999, which will be paid by the Community Development Fund:

<u>Project</u>	<u>Remaining Contractual Commitment</u>	<u>Expected Date of Completion</u>
Downtown Street and Parking Improvements	\$398,496	04/01/2000

NOTE 17 - CONTINGENCIES

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

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

**CITY OF IRONTON
LAWRENCE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HEALTH</u>			
<i>Passed Through Ohio Department of Health:</i>			
Medical Assistance Program EPSDT	N/A	93.778	\$12,925
Total U. S. Department of Health			12,925
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant Small Cities Program		14.228	
	AC961341		74,000
	AF971341		64,500
	AF981341		85,981
	AC981341		48,593
	AF991341		64,600
Total Community Development Block Grant			337,674
HOME Investment Partnerships Program	AC981342	14.239	137,209
Total U.S. Department of Housing and Urban Development			474,883
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct Grant:</i>			
Edward Byrne Memorial State and Local Law Enforcement Grant	CFWX2620	16.580	167,125
Total U.S. Department of Justice			167,125
Total Federal Awards Expenditures			\$654,933

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF IRONTON
LAWRENCE COUNTY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

Lawrence County Community Action Organization, Inc. \$474,883

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

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

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

These loans are collateralized by mortgages on the property. At December 31, 1999, the gross amount of loans outstanding under this program was \$354,523 and is exhibited on the Combined Balance Sheet in the Special Revenue Fund Type as Loans Receivable.

NOTE D - MATCHING REQUIREMENTS

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



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Ironton, Lawrence County, Ohio (the City), as of and for the year ended December 31, 1999, and have issued our report thereon dated October 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item 1999-20744-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated October 27, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 1999-20744-002.

City of Ironton
Lawrence County
Report of Independent Accountants on Compliance and
on Internal Control Required by *Government Auditing Standards*
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management in a separate letter dated October 27, 2000.

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

Jim Petro
Auditor of State

October 27, 2000



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

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

To the City Council:

Compliance

We have audited the compliance of the City of Ironton, Lawrence County, Ohio (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to the major federal program for the year ended December 31, 1999. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

As described in item 1999-27044-003 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Program Income that are applicable to its Community Development Block Grant - Small Cities Program. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

October 27, 2000

CITY OF IRONTON
LAWRENCE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COST
OMB CIRCULAR A -133 SECTION .505
DECEMBER 31, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant - Small Cities Program CFDA #14.228
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**CITY OF IRONTON
LAWRENCE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 SECTION .505
DECEMBER 31, 1999
(Continued)**

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

FINDING NUMBER 1999-20744-001

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated resources. No appropriation is to become effective until the County Auditor files a certificate that the total appropriations from each fund does not exceed the total official estimate or amended official estimate. Total appropriations exceeded total estimated resources in the following funds:

December 21, 1999 - Community Development (\$64,600), Street (\$9,188), Health (\$3,497), Fire Fee (\$195,031), Rebate Escrow (\$1,633), Rotary (\$7,903), Special State Fire Loss (\$16,778), Phase II Construction (\$4,302), and Fire Construction (\$3,353).

November 11, 1999 - Flood (\$3,258), Street (\$14,598), Health (\$1,295), Fire Fee (\$173,371), Municipal Court Computer (\$1,193), Rotary (\$9,903), Demolition (\$400), Special State Fire Loss (\$9,600), and Phase II Construction (\$3,358).

September 23, 1999 - General (\$91,423), Floor (\$6,936), Community Development (\$1,277,000), Fire Fee (\$192,241), Municipal Court Computer (\$1,193), Rebate Escrow (\$7,174), Home Monitoring (\$8,500), Court Supervisor (\$6,300), Empowerment Zone (\$410,000), Rotary (\$9,903), Demolition (\$400), Special State Fire Loss (\$9,600), Local Government (\$19,820), and Phase II Construction (\$4,302).

March 25, 1999 - General (\$100,686), Flood (\$16,590), Street (\$24,218), Fire Fee (\$192,169), Rotary (\$9,303), Demolition (\$400), Special State Fire Loss (\$9,600), Phase II Construction (\$4,302), and Fire Construction (\$3,353).

We recommend that the City monitor appropriations to estimated resources throughout the year to assure that appropriations do not exceed estimated resources.

FINDING NUMBER 1999-20744-002

Reportable Condition

The accounting system of the Municipal Court produced accounts receivable information on an individual case basis. However, the system did not produce an aggregate total, an aged data schedule of all accounts receivable or the determination of uncollectible amounts. This resulted in the City having limited ability to effectively manage cash collections.

We recommend the Court maintain an aggregate listing and aged data schedule of all accounts receivable to aid the City in effectively managing their cash collections. In addition, we recommend the Court establish a reasonable and systematic method for determining the amount of the accounts receivable which is uncollectible.

**CITY OF IRONTON
LAWRENCE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 SECTION .505
DECEMBER 31, 1999
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Program Income

Finding Number	1999-20744-003
CFDA Title and Number	Community Development Block Grant - Small Cities Program/ CFDA #14.228
Federal Award Number/Year	AC961341, AF971341, AF981341, AC981341, AF991341
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Questioned Cost

24 C.F.R. Part 570.504 outlines the compliance requirements of program income from Community Development Block Grant programs. 24 C.F.R. Part 570.500 defines program income as gross income received by a grantee directly generated from the use of Office of Housing and Community Partnership (OHCP) administered funds distributed by the State. The City of Ironton generates program income from loan collections. Program income is governed by the same regulations, procedures and requirements that govern the OHCP- administered program which generated the funds. Program income may be retained by the City if the program income will be used to continue the activity from which the program income was derived. Funds not expended in that same manner must receive prior approval from the Ohio Department of Development.

During 1999, the City's Revolving Loan Fund made a loan to the Lawrence County's Revolving Loan Fund from Program Income or existing Community Development Block Grant monies without written approval from the Ohio Department of Development. Additionally, it was noted that Lawrence County in turn loaned funds to the Village of South Point to purchase equipment. Based on this information, \$21,275 are considered questioned costs from the expenditure of program income of the Revolving Loan Program of the City of Ironton.

We recommend that the City review the requirements for the expenditure of program income to ensure that expenditures are made in accordance with requirements for program income and that written approval be obtained prior to making a disbursement if funds are not expended in the same manner as the original activity.

**CITY OF IRONTON
LAWRENCE COUNTY
CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 SECTION .315 (c)
DECEMBER 31, 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-27044-001	The City will file certificates with the County more often to assure state code is met. The City was in the process of adopting a budget and or budget revision for each period used for audit. Ironton City Council adopted the and/or amended the annual operating budgets on the following dates:	10-27-00	Cynthia Anderson, Finance Director
1999-27044-002	Software is now in place to correct this problem.	10-27-00	Cheryl Ackerson, Acting Municipal Court Clerk
1999-27044-003	Will obtain written approval from Ohio Department of Development prior to making this type of transaction in the future.	10-27-00	Cynthia Anderson, Finance Director

CITY OF IRONTON
LAWRENCE COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 SECTION .315 (b)
DECEMBER 31, 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-20744-001	Municipal Court accounting system does not produce accounts receivable listing.	No	Not corrected. Included in Schedule of Findings and Questioned Costs as item 1999-20744-002.
1998-20744-002	The City's financial applications were not Year 2000 compliant.	Yes	Finding No Longer Valid.



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CITY OF IRONTON

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 21, 2000**